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du Canada

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Prepared by the  
Receiver General for Canada

# Public Accounts of Canada

# 1995

## Volume I



## Summary Report and Financial Statements

Canada





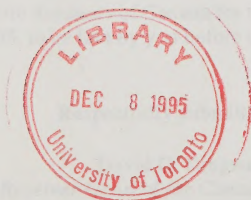
Government  
of Canada

Gouvernement  
du Canada

Prepared by the  
Receiver General for Canada

# Public Accounts of Canada 1995

## Volume I



### Summary Report and Financial Statements

Canada





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*To His Excellency*

The Right Honourable Roméo LeBlanc,  
P.C., C.C., C.M.M., C.D.,  
*Governor General and  
Commander-in-Chief of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the *Public Accounts* of Canada for the year ended March 31, 1995.

All of which is respectfully submitted.

Arthur C. Eggleton,  
*President of the Treasury Board.*

OTTAWA, OCTOBER 24, 1995

To The Honourable David C. Dingwall,  
*Receiver General for Canada.*

Sir:

I have the honour to submit the *Public Accounts* of Canada for the year ended March 31, 1995.

Under section 64(1) of the *Financial Administration Act*, the *Public Accounts* for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in two volumes:

Volume I—The financial statements of Canada on which the Auditor General has expressed an opinion; the observations by the Auditor General on the financial statements of Canada; a ten-year summary of the Government's financial transactions; analyses of revenues and expenditures, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

The audited financial statements contained in Volume I are for the year ended March 31, 1995.

Respectfully submitted,

Ranald A. Quail,  
*Deputy Receiver General for Canada.*

OTTAWA, OCTOBER 24, 1995

To The Honourable Arthur C. Eggleton,  
*President of the Treasury Board.*

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the *Public Accounts* of Canada for the year ended March 31, 1995, to be laid by you before the House of Commons.

Respectfully submitted,

David C. Dingwall,  
*Receiver General for Canada.*

OTTAWA, OCTOBER 24, 1995





# VOLUME I

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# INTRODUCTION TO THE *PUBLIC ACCOUNTS*

## Nature of the *Public Accounts*

The *Public Accounts* is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by section 64 of the *Financial Administration Act*.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

## Format of the *Public Accounts*

The *Public Accounts* is produced in two volumes.

**Volume I** presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: audited financial statements of the Government of Canada;

SECTION 2: ten-year summary of the Government's financial transactions;

SECTION 3: review of revenues, expenditures and accumulated deficit;

SECTION 4: analysis of consolidated accounts;

SECTION 5: analysis of current liabilities and allowances;

SECTION 6: analysis of interest-bearing debt;

SECTION 7: analysis of current assets;

SECTION 8: analysis of foreign exchange accounts;

SECTION 9: analysis of loans, investments and advances; and,

SECTION 10: analysis of other information related to the financial statements.

**Volume II** is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

## Ministerial Structure in the 1994-95 *Public Accounts*

The 1994-95 *Public Accounts* refers to the new nomenclature that resulted from major reorganizations announced in the previous fiscal year although newly established ministries or new names of ministries may not all have yet received legislative approval.

# SECTION 1

1994-95

PUBLIC ACCOUNTS

## Financial Statements of the Government of Canada and Opinions of the Auditor General

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### NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in an **Annual Financial Report** prepared by the Minister of Finance. This Report also includes condensed financial statements and ten-year tables of financial transactions.

You can obtain a copy of the **Annual Financial Report** by calling the Department of Finance at (613) 995-2855.



## PREFACE TO THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year. Two supplementary statements report transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty also may borrow only as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The financial statements consist of five statements and accompanying notes.

The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in (financial requirements), and the resulting net new borrowing. The financial transactions are classified into the following categories:

- **Budgetary transactions** are all transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenues, together with expenditures.
- **Non-budgetary transactions** are all transactions in assets and liabilities, other than those related to foreign exchange and unmatured debt.
- **Foreign exchange transactions** are all transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar), the net position of the Government with respect to the International Monetary Fund, and unmatured debt payable in foreign currencies.

- **Unmatured debt transactions** show increases or decreases in unmaturred debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. They exclude unmaturred debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation.

The third statement is the Statement of Revenues and Expenditures, which presents the Government's revenues, expenditures and deficit (results of operations) for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement discloses the Government's cash balances and investments, and amounts owing to and by the Government at the end of the year. It differs in some ways from a conventional private sector balance sheet. Two major differences concern items that are not reported on this statement: capital assets, having been accounted for as expenditures when acquired, and tax revenues receivable since tax revenues are generally reported on a cash basis. The difference, therefore, between total assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

In addition to the financial statements, two supplementary statements provide details of transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending.

Other sections in this volume, together with Volume II of the *Public Accounts of Canada* provide more detailed supplementary information in respect of matters reported in the financial statements. The opinion of the Auditor General on the financial statements does not extend to this supplementary information.

## STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 of the statements on a basis consistent with that of the preceding year.


Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; a notable exception is that capital assets are charged to budgetary expenditures at the time of acquisition or construction. Tax revenues are generally reported on a cash basis. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

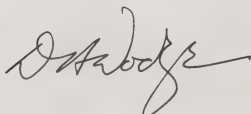
The Government presents the financial statements to the Auditor General of Canada who audits them and provides an independent opinion to the House of Commons. The duties of the Auditor General in that respect are contained in section 6 of the *Auditor General Act*, section 8 of the *Spending Control Act* and section 9 of the *Debt Servicing and Reduction Account Act*. Additional information is provided in the observations of the Auditor General at the end of this section.

Annually, the financial statements are tabled in Parliament as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government of Canada.



R. J. GIROUX  
Secretary of the Treasury Board and  
Comptroller General of Canada



DAVID A. DODGE  
Deputy Minister of Finance



RANALD A. QUAIL  
Deputy Receiver General for Canada





**OPINION OF THE AUDITOR GENERAL  
ON THE  
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA**

To the House of Commons:

I have audited the statement of assets and liabilities of the Government of Canada as at March 31, 1995 and the statements of revenues and expenditures, accumulated deficit, changes in financial position and transactions for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit, as required by section 6 of the *Auditor General Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 1995 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended, in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 of the financial statements. As required by section 6 of the *Auditor General Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this opinion are included in my observations at the end of this section.

L. Denis Desautels, FCA  
*Auditor General of Canada*

Ottawa, Canada  
July 24, 1995

## GOVERNMENT OF CANADA

**Statement of Transactions**  
**for the Year Ended March 31, 1995**  
(in millions of dollars)

	1995	1994
<b>BUDGETARY TRANSACTIONS</b>		
Revenues.....	123,323	115,984
Expenditures.....	-160,785	-157,996
Deficit for the year.....	-37,462	-42,012
<b>NON-BUDGETARY TRANSACTIONS</b>		
Net requirement (-) or source from loans, investments and advances.....	-65	581
Net source from pension and other accounts.....	8,659	6,242
Net source from other transactions.....	3,026	5,339
Net source.....	11,620	12,162
Financial requirements (excluding foreign exchange transactions).....	-25,842	-29,850
<b>NET SOURCE FROM FOREIGN EXCHANGE TRANSACTIONS <sup>(1)</sup></b> .....	<b>4,828</b>	<b>3,131</b>
Total financial requirements.....	-21,014	-26,719
<b>NET SOURCE FROM UNMATURED DEBT TRANSACTIONS <sup>(1)</sup></b> .....	<b>20,770</b>	<b>25,975</b>
Decrease in cash.....	-244	-744
<b>CASH IN BANK AT BEGINNING OF YEAR</b> .....	<b>2,137</b>	<b>2,881</b>
<b>CASH IN BANK AT END OF YEAR</b> .....	<b>1,893</b>	<b>2,137</b>

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

<sup>(1)</sup> Change in unmatured debt payable in foreign currencies, \$6,253 million in 1995 (\$5,259 million in 1994), has been included as part of foreign exchange transactions.

## GOVERNMENT OF CANADA

**Statement of Accumulated Deficit**  
**for the Year Ended March 31, 1995**  
(in millions of dollars)

	1995	1994
<b>ACCUMULATED DEFICIT, BEGINNING OF YEAR</b> .....	<b>508,210</b>	<b>466,198</b>
<b>DEFICIT FOR THE YEAR</b> .....	<b>37,462</b>	<b>42,012</b>
<b>ACCUMULATED DEFICIT, END OF YEAR (Note 5)</b> .....	<b>545,672</b>	<b>508,210</b>

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

## GOVERNMENT OF CANADA

**Statement of Revenues and Expenditures  
for the Year Ended March 31, 1995**  
(in millions of dollars)

	1995		1994	
	Gross <sup>(1)</sup>	Net <sup>(1)</sup>	Gross <sup>(1)</sup>	Net <sup>(1)</sup>
<b>REVENUES (Note 3)</b>				
<b>TAX REVENUES—</b>				
<b>Income tax—</b>				
Personal .....	61,676	56,329	57,953	51,427
Corporation .....	11,604	11,604	9,444	9,444
Other income tax revenues .....	1,769	1,769	1,593	1,593
	<b>75,049</b>	<b>69,702</b>	<b>68,990</b>	<b>62,464</b>
<b>Unemployment insurance premiums .....</b>	<b>18,928</b>	<b>18,928</b>	<b>18,233</b>	<b>18,233</b>
<b>Excise taxes and duties—</b>				
Goods and services tax .....	19,602	16,786	18,381	15,696
Energy taxes .....	3,824	3,824	3,640	3,640
Customs import duties .....	3,575	3,575	3,652	3,652
Other excise taxes and duties .....	3,493	2,904	4,177	3,647
	<b>30,494</b>	<b>27,089</b>	<b>29,850</b>	<b>26,635</b>
<b>TOTAL TAX REVENUES .....</b>	<b>124,471</b>	<b>115,719</b>	<b>117,073</b>	<b>107,332</b>
<b>NON-TAX REVENUES—</b>				
Return on investments .....	5,078	5,021	6,187	6,142
Other non-tax revenues .....	5,530	2,583	5,110	2,510
<b>TOTAL NON-TAX REVENUES .....</b>	<b>10,608</b>	<b>7,604</b>	<b>11,297</b>	<b>8,652</b>
<b>TOTAL REVENUES .....</b>	<b>135,079</b>	<b>123,323</b>	<b>128,370</b>	<b>115,984</b>
<b>EXPENDITURES (Note 4)</b>				
<b>TRANSFER PAYMENTS—</b>				
Old age security benefits, guaranteed income supplements and spouses' allowances .....	20,143	20,511	19,578	19,903
Unemployment insurance benefits <sup>(2)</sup> .....	14,815	14,815	17,626	17,626
Fiscal arrangements .....	8,067	7,674	9,427	9,045
Insurance and medical care .....	7,691	7,691	7,232	7,232
Canada Assistance Plan .....	7,266	7,266	7,236	7,236
Education support .....	2,486	2,486	2,378	2,378
Child tax benefits .....	5,322		6,476	7
Other transfer payments .....	24,413	21,597	22,626	19,941
<b>TOTAL TRANSFER PAYMENTS .....</b>	<b>90,203</b>	<b>82,040</b>	<b>92,579</b>	<b>83,368</b>
<b>CROWN CORPORATION EXPENDITURES .....</b>	<b>5,741</b>	<b>5,003</b>	<b>5,913</b>	<b>5,298</b>
<b>OTHER PROGRAM EXPENDITURES—</b>				
National Defence .....	11,063	10,693	11,598	11,282
All other departments and agencies .....	23,488	21,003	22,310	20,066
<b>TOTAL OTHER PROGRAM EXPENDITURES .....</b>	<b>34,551</b>	<b>31,696</b>	<b>33,908</b>	<b>31,348</b>
<b>TOTAL PROGRAM EXPENDITURES .....</b>	<b>130,495</b>	<b>118,739</b>	<b>132,400</b>	<b>120,014</b>
<b>PUBLIC DEBT CHARGES .....</b>	<b>42,046</b>	<b>42,046</b>	<b>37,982</b>	<b>37,982</b>
<b>TOTAL EXPENDITURES .....</b>	<b>172,541</b>	<b>160,785</b>	<b>170,382</b>	<b>157,996</b>
<b>DEFICIT FOR THE YEAR .....</b>	<b>37,462</b>	<b>37,462</b>	<b>42,012</b>	<b>42,012</b>

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

<sup>(1)</sup> The difference between Gross and Net is revenues credited to appropriations, revenues of consolidated Crown corporations credited to expenditures, tax revenue items related to expenditures and included in revenues, and recovery of tax revenues credited to expenditures.

<sup>(2)</sup> Unemployment insurance benefits exclude administration costs of \$1,285 million (\$1,310 million in 1994) and interest expenses of \$423 million (\$450 million in 1994) related to the operation of the Unemployment Insurance Account. These costs have been allocated to other program expenditures and public debt charges respectively.

## GOVERNMENT OF CANADA

**Statement of Assets and Liabilities**  
**as at March 31, 1995**  
(in millions of dollars)

	1995	1994
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES AND ALLOWANCES—</b>		
Accounts payable and accrued liabilities (Note 6) .....	18,390	14,646
Interest and matured debt .....	4,831	6,465
Allowance for employee benefits .....	3,910	3,555
Allowance for loan guarantees and borrowings of Crown corporations .....	5,540	4,930
<b>TOTAL CURRENT LIABILITIES AND ALLOWANCES .....</b>	<b>32,671</b>	<b>29,596</b>
<b>INTEREST-BEARING DEBT—</b>		
Unmatured debt—		
Payable in Canadian currency—		
Marketable bonds .....	225,679	203,392
Treasury bills .....	164,450	166,000
Canada savings bonds .....	30,460	30,418
Bonds for Canada Pension Plan .....	3,488	3,497
	424,077	403,307
Payable in foreign currencies .....	16,921	10,668
Total unmatured debt (Note 7) .....	440,998	413,975
Pension and other accounts—		
Public sector pensions (Note 8) .....	101,033	94,097
Canada Pension Plan (net of securities) (Note 9) .....	3,406	2,728
Other (Note 6) .....	4,755	3,710
Total pension and other accounts .....	109,194	100,535
<b>TOTAL INTEREST-BEARING DEBT .....</b>	<b>550,192</b>	<b>514,510</b>
<b>TOTAL LIABILITIES .....</b>	<b>582,863</b>	<b>544,106</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS—</b>		
Cash in bank .....	1,893	2,137
Cash in transit .....	3,241	3,313
	5,134	5,450
Less outstanding cheques and warrants .....	3,751	4,015
Total cash .....	1,383	1,435
Accounts receivable (net of allowance for doubtful accounts of \$1,676 million (\$1,496 million in 1994)) .....	4,353	4,496
<b>TOTAL CURRENT ASSETS .....</b>	<b>5,736</b>	<b>5,931</b>
<b>FOREIGN EXCHANGE ACCOUNTS (Note 10) .....</b>	<b>14,350</b>	<b>12,925</b>
<b>LOANS, INVESTMENTS AND ADVANCES—</b>		
Enterprise Crown corporations (Notes 11 and 14) .....	18,218	19,283
Joint and mixed enterprises .....	4,374	4,374
National governments including developing countries (Note 12) .....	3,282	3,434
International organizations (Note 12) .....	5,480	5,691
Less notes payable .....	1,935	2,331
	3,545	3,360
Provincial and territorial governments .....	876	1,111
Other (Note 6) .....	1,710	1,478
	32,005	33,040
Less allowance for valuation .....	14,900	16,000
<b>TOTAL LOANS, INVESTMENTS AND ADVANCES .....</b>	<b>17,105</b>	<b>17,040</b>
<b>TOTAL ASSETS .....</b>	<b>37,191</b>	<b>35,896</b>
<b>ACCUMULATED DEFICIT (Note 5) .....</b>	<b>545,672</b>	<b>508,210</b>

The accompanying notes are an integral part of this statement.  
Details (unaudited) can be found in other sections of this volume.



## GOVERNMENT OF CANADA

Statement of Changes in Financial Position  
for the Year Ended March 31, 1995

(in millions of dollars)

	1995	1994
<b>CASH REQUIREMENTS FOR<sup>(1)</sup>:</b>		
<b>OPERATING ACTIVITIES —</b>		
Deficit for the year .....	37,462	42,012
Less expenditures not requiring cash—		
Interest on pension and other accounts <sup>(2)</sup> .....	10,234	9,533
Government contribution for employee benefits .....	1,598	1,579
Provision for valuation of assets and liabilities .....	314	2,689
	<b>12,146</b>	<b>13,801</b>
	<b>25,316</b>	<b>28,211</b>
Net payments from pension and other accounts .....	2,033	3,435
Net change in current assets and liabilities .....	-664	-1,505
<b>CASH REQUIRED FOR OPERATING ACTIVITIES .....</b>	<b>26,685</b>	<b>30,141</b>
<b>INVESTING ACTIVITIES —</b>		
Net decrease(-) or increase in loans, investments and advances .....	-1,035	114
Net increase in foreign exchange accounts .....	1,425	2,128
<b>CASH REQUIRED FOR INVESTING ACTIVITIES .....</b>	<b>390</b>	<b>2,242</b>
<b>TOTAL CASH REQUIREMENTS .....</b>	<b>27,075</b>	<b>32,383</b>
<b>FINANCED BY:</b>		
Net increase in borrowings—		
Canadian currency .....	20,770	25,975
Foreign currencies .....	6,253	5,259
	<b>27,023</b>	<b>31,234</b>
<b>Net change in cash .....</b>	<b>-52</b>	<b>-1,149</b>
<b>CASH AT BEGINNING OF YEAR .....</b>	<b>1,435</b>	<b>2,584</b>
<b>CASH AT END OF YEAR .....</b>	<b>1,383</b>	<b>1,435</b>

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

<sup>(1)</sup> The figures in this statement differ from those shown in the Statement of Transactions because non-cash transactions have been re-classified and shown separately.<sup>(2)</sup> Interest on pension and other accounts excludes interest on the allocations of Special Drawing Rights by the International Monetary Fund totalling \$83 million (\$53 million in 1994)

## Notes to the Financial Statements of the Government of Canada

### 1. Summary of Significant Accounting Policies

#### Reporting entity

In these financial statements, the Government of Canada includes the financial activities of all of its departments, agencies, corporations and funds, which are owned or controlled by the Government and which are accountable to Parliament, except for:

- i. the Canada Pension Plan, which is under joint control of the Government and participating provinces. Payments of benefits from the Plan are financed from contributions by employers, employees and self-employed persons, as well as from interest on investments which are mainly in provincial government securities; and
- ii. enterprise Crown corporations which are not dependent on the Government for financing their activities. For these corporations, the Government reports in these financial statements only the cost of its investment less allowance for valuation, as well as any amounts receivable from or payable to the corporations.

#### Basis of accounting

The Government reports revenues and expenditures on both a gross and net basis. On the net basis, certain expenditures are deducted from revenues and certain revenues are deducted from expenditures as described in Note 3.

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. The Government generally reports tax revenues in the period in which they are received. Refunds of tax revenues are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. However, cases of tax refunds that are significant and were under appeal to the Federal Court of Canada or the Supreme Court of Canada and where all such appeals have been exhausted or are not expected to be pursued, are reported on an accrual basis. The goods and services tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Non-tax revenues are reported on an accrual basis.

Expenditures for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenditures when paid or when the recipient has fulfilled the terms of a contractual transfer agreement. Capital leases are recorded as expenditures over the lease term as payments are made. Expenditures include allowances for any changes in the value of any assets, or to reflect liabilities at their economic value.

Financial claims are recorded as assets, except for those related to tax revenues. Assets are recorded at cost and are subject to annual valuation to reflect reductions from their recorded value to the estimated realizable value. The costs of acquiring land, buildings, structures, equipment and other capital property are recorded as expenditures at the time of acquisition or construction.

Financial obligations to outside organizations or individuals are recorded as liabilities if the underlying event occurred prior to or at year end. Liabilities are recorded at the estimated amount ultimately payable, with such estimates being revised on an annual basis.

#### Concessional loans

Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are included in full or in part as expenditures when the economic value of these loans is reduced due to their concessional terms.

#### Sovereign loans

Loans to sovereign governments are considered collectible unless they are formally repudiated by the debtor. However, the Government has provided allowances on the expectation that debt or debt service relief may be offered to certain sovereign debtors pursuant to multilateral agreements.

#### Gold

The Government's gold reserves are included in the international reserves held in the Exchange Fund Account and are valued in relation to international agreements and a basket of five major currencies. More details on gold reserves are provided in Note 10.

#### Employee benefits

Employees' entitlements to severance and pension benefits are reported on an actuarial basis. This process is intended to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the employees. More details on public sector pensions are provided in Note 8.

#### Contingent liabilities

Contingent liabilities, generally, are reported in the notes to the financial statements until one or more future events occur or fail to occur. At such time, they may become actual liabilities and, if so, they are then recorded in the accounts. An exception is made for losses on loan guarantees which are accrued as liabilities when it is likely that a payment will be required in the future to honour a guarantee and where the amount of the loss can be reasonably estimated. Specific amounts of contingent

liabilities are reported when available. Where specific amounts are not available, estimates of potential liability are used, if determinable. Items for which no reasonable estimate can be made are not included. More details on contingent and environmental liabilities are respectively provided in Notes 15 and 16.

### Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Assets and liabilities denominated in foreign currencies are translated using rates at March 31.

### Comparative information

Comparative figures are reclassified to conform to the current year's presentation.

## 2. Spending and Borrowing Authorities

### i. Spending authorities

The authority of Parliament is required before monies can be spent by the Government. Some approvals are given in the form of annually approved limits (appropriation acts). Other approvals come from other legislation in the form of statutory spending authority for specific purposes (for example, old age security). During the year, expenditures were made under the following authorizations:

	(in millions of dollars)	
	1995	1994
Annual spending limits voted by Parliament .....	51,512	49,990
Expenditures permitted under other legislation .....	97,060	89,963
Total expenditures authorized during the year .....	148,572	139,953
Less amount available for use in subsequent years and lapsed, net of over-expended .....	3,824	2,983
Total used in the current year .....	144,748	136,970
Effect of consolidating certain accounts and provision for valuation .....	16,037	21,026
Net total expenditures per Statement of Revenues and Expenditures .....	160,785	157,996

The use of budgetary expenditure authority as reported in the preceding table differs from the total net expenditures reported on the Statement of Revenues and Expenditures. Certain accounts with separate non-budgetary authorities and certain Crown corporations are consolidated with the Government's financial statements but are not included in the expenditure (budgetary) authorities available for use. In addition, the authorities exclude the general provision for valuation of assets and liabilities, which is authorized by section 63 of the *Financial Administration Act*.

In addition to the authorities for budgetary expenditures, non-budgetary spending of \$52,862 million (\$40,317 million in 1994) was authorized for loans, investments and advances. A net amount of \$195 million was repaid (a net amount of \$1,474 million was used in 1994), an amount of \$868 million (\$740 million in 1994) lapsed and an amount of \$52,189 million (\$38,103 million in 1994) is available for use in subsequent years.

Details (unaudited) about the source and disposition of authorities are provided in Volume II (Part I) of the *Public Accounts*.

### ii. Overexpenditure of spending authorities

During the year, one budgetary authority under the Department of Indian Affairs and Northern Development and one non-budgetary authority under the Department of Natural Resources were overexpended by less than \$50 million each.

These overexpenditures arose from the recognition of expenditures pertaining to the 1994-95 fiscal year, for which payments may be made in subsequent years. Consequently, the related authorities of a subsequent year will be reduced by any payments made to discharge the liabilities that resulted in the overexpenditures.

Details (unaudited) of the overexpended votes can be found in the ministerial sections of Volume II (Part I) of the *Public Accounts*.

### iii. Borrowing authorities

The Government may borrow only on the authority of Parliament. The laws authorizing borrowings may be summarized as follows:

	(in millions of dollars)	
	1995	1994
Unused authorities at beginning of year .....	NIL	2,179
Authorities granted during the year .....	34,300	31,296
Total authorities available .....	34,300	33,475
Authorities used during the year .....	26,853	30,844
Authorities lapsed during the year .....	7,447	2,631
Unused authorities at end of year .....	NIL	NIL

The difference between the use of borrowing authorities of \$26,853 million (\$30,844 million in 1994) and the increase in unmatured debt of \$27,023 million (\$31,234 million in 1994) for the year is made up of changes in holdings of Canadian debt, a change in bonds issued to the Canada Pension Plan, changes in foreign currency adjustments and changes in adjustments to consolidated Crown corporation holdings.

In 1994, Parliament authorized temporary borrowing under section 47 of the *Financial Administration Act* of up to \$10,850 million of which \$3,891 million was borrowed and repaid during the year. No temporary borrowings were authorized in 1995.



### 3. Revenues

On the Statement of Revenues and Expenditures, revenues and expenditures are reported both gross and net. The difference between the two are revenues from outside parties credited to expenditures (appropriations), revenues of consolidated Crown corporations credited to expenditures, tax revenue items related to expenditures and included in revenues, and recovery of tax revenues credited to expenditures. Gross and net transactions are presented in the following tables.

#### i. Personal income tax

The following table presents details of personal income tax revenues as classified in the Statement of Revenues and Expenditures:

	(in millions of dollars)	
	1995	1994
Gross personal income tax .....	61,676	57,953
Add social benefit repayments—		
Family allowances .....	7	339
Old age security benefits .....	368	325
	62,051	58,617
Less: Child tax benefits—		
Child tax credits .....	43	1,612
Child tax benefit payments .....	5,286	5,196
Fiscal arrangements—Youth allowance recovery .....	393	382
	5,722	7,190
Net personal income tax .....	56,329	51,427

Details (unaudited) can be found in Section 3 of this volume.

The difference between the gross and net totals of personal income tax revenues consists of items that are related to expenditures but are determined through the income tax or fiscal arrangements processes. These items are reflected in the gross amounts of the relevant transfer payments in the Statement of Revenues and Expenditures.

#### ii. Excise taxes and duties

The following table presents details of the Goods and Services Tax (GST), and other excise taxes and duties as classified in the Statement of Revenues and Expenditures:

	(in millions of dollars)	
	1995	1994
Goods and services tax collected .....	36,715	32,652
Less: refunds .....	14,787	11,921
rebates <sup>(1)</sup> .....	1,447	1,417
GST paid by ministries .....	879	933
Gross goods and services tax .....	19,602	18,381
Less other transfer payments—		
Quarterly tax credits .....	2,816	2,685
Net goods and services tax .....	16,786	15,696
Gross other excise taxes and duties .....	3,493	4,177
Less other program expenditures—Revenues credited to appropriations .....	589	530
Net other excise taxes and duties .....	2,904	3,647

Details (unaudited) can be found in Section 3 of this volume.

<sup>(1)</sup> GST rebates are reported net of GST collected by claimants.

The difference between gross and net GST represents quarterly tax credits which are related to expenditures but are determined through the personal income tax process. These credits are reflected in the gross amount of other transfer payments in the Statement of Revenues and Expenditures. The difference between gross other excise taxes and duties and net other excise taxes and duties represents revenues from outside parties credited to appropriations. These revenues are reflected in the gross amounts of other program expenditures in the Statement of Revenues and Expenditures.

#### iii. Non-tax revenues

The following are details of non-tax revenues as shown in the Statement of Revenues and Expenditures:

	(in millions of dollars)	
	1995	1994
Gross return on investments		
Loans, investments and advances .....	2,868	2,842
Foreign exchange accounts .....	1,932	2,670
Other .....	278	675
	5,078	6,187
Less : Other program expenditures—		
Revenues credited to appropriations ..	36	37
Crown corporation expenditures—		
Revenues of consolidated Crown corporations .....	21	8
Net return on investments .....	5,021	6,142
Gross other non-tax revenues .....	5,530	5,110
Less : Other program expenditures—		
Revenues credited to appropriations ..	2,230	1,993
Crown corporation expenditures—		
Revenues of consolidated Crown corporations .....	717	607
Net other non-tax revenues .....	2,583	2,510

Details (unaudited) can be found in Section 3 of this volume.



The difference between the gross and net totals of return on investments and other non-tax revenues consists of revenues from outside parties credited to appropriations and revenues of consolidated Crown corporations. These revenues are reflected in the gross amounts of other program expenditures and Crown corporation expenditures in the Statement of Revenues and Expenditures.

Other non-tax revenues are comprised principally of refunds of previous years' expenditures, services and service fees, privileges, licences and permits and proceeds from the sale of capital assets and of current goods and services.

#### 4. Expenditures

Expenditures on the Statement of Revenues and Expenditures are as follows:

##### i. By type of resources acquired or disbursements made

		(in millions of dollars)	
Standard Object		1995	1994
(1) Personnel .....		19,155	18,073
(2) Transportation and communications ..		1,826	1,964
(3) Information .....		204	219
(4) Professional and special services .....		3,169	3,245
(5) Rentals .....		1,061	1,171
(6) Purchased repair and maintenance .....		1,397	1,437
(7) Utilities, materials and supplies .....		2,430	2,402
(8) Construction and/or acquisition of land, buildings and works .....		918	986
(9) Construction and/or acquisition of machinery and equipment .....		3,466	3,695
(12) Other subsidies and payments .....		6,666	6,629
		40,292	39,821
(13) Less: Revenues credited to appropriations .....		2,855	2,560
Revenues of consolidated Crown corporations .....		738	615
Net total—Other program and Crown corporation expenditures .....		36,699	36,646
(10) Gross transfer payments .....		90,203	92,579
Less tax credits and repayments .....		8,163	9,211
Net transfer payments .....		82,040	83,368
Total net program expenditures .....		118,739	120,014
(11) Public debt charges .....		42,046	37,982
Total net expenditures .....		160,785	157,996

Details (unaudited) can be found in Section 1 of Volume II (Part I) of the *Public Accounts*.

##### ii. Other transfer payments by ministry

		(in millions of dollars)	
		1995	1994
Agriculture and Agri-Food .....		1,355	1,429
Finance .....		1,254	622
Foreign Affairs and International Trade .....		2,544	2,380
Human Resources Development .....		2,477	2,212
Indian Affairs and Northern Development .....		4,614	4,218
Industry .....		1,469	1,273
Transport .....		1,119	1,078
Veterans Affairs .....		1,445	1,444
Other ministries .....		5,320	5,285
Total .....		21,597	19,941

Details (unaudited) can be found in Section 1 of Volume II (Part I) of the *Public Accounts*.

##### iii. Other program expenditures by ministry

		(in millions of dollars)	
		1995	1994
Canadian Heritage .....		845	904
Foreign Affairs and International Trade .....		1,176	1,042
Health .....		1,164	1,006
Industry .....		1,420	1,549
National Revenue .....		2,042	2,248
Natural Resources .....		1,139	670
Public Works and Government Services .....		1,733	1,855
Solicitor General .....		2,526	2,528
Transport .....		1,360	1,378
Other ministries .....		7,598	6,886
		21,003	20,066
National Defence .....		10,693	11,282
Total .....		31,696	31,348

Details (unaudited) can be found in Section 1 of Volume II (Part I) of the *Public Accounts*.

##### iv. Public debt charges

		(in millions of dollars)	
		1995	1994
Interest on—			
unmatured debt <sup>(1)</sup> .....		21,573	19,510
pension and other accounts .....		10,317	9,586
Amortization of discounts on Canada and Treasury bills .....		9,685	8,629
Amortization of premiums, discounts and commissions on all other debt .....		393	214
Servicing costs and costs of issuing new borrowings .....		78	43
Total public debt charges .....		42,046	37,982

Details (unaudited) can be found in Section 3 of this volume.

<sup>(1)</sup> Included in interest on unmaturing debt is an amount of \$359 million (\$369 million in 1994) for special non-marketable bonds held by the Canada Pension Plan Investment Fund. This amount is unrelated to a borrowing authority act for purposes of the Debt Servicing and Reduction Account.

## 5. Accumulated Deficit

In accordance with its significant accounting policies, the Government includes in its revenues and expenditures, the transactions of consolidated Crown corporations and of certain accounts for specified purposes. Legislation requires that the revenues of these accounts be identified and that related payments be charged against such revenues. Any deficiency of payments over revenues must be met through future revenues from these accounts. The following table shows the balances of these consolidated accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

	(in millions of dollars)	
	1995	1994
Accumulated deficit excluding consolidated accounts .....	540,704	503,920
Consolidated accounts—		
Unemployment Insurance Account .....	4,095	7,023
Canadian Ownership Account <sup>(1)</sup> .....		-3,567
Western Grain Stabilization Account .....	1,090	1,092
Crop Reinsurance Fund .....	343	420
Other insurance accounts .....	-263	-246
Agriculture Commodities Stabilization Accounts .....	-14	-103
Other consolidated accounts .....	-257	-253
	545,698	508,286
Consolidated Crown corporations .....	-26	-76
Accumulated deficit .....	545,672	508,210

Details (unaudited) can be found in Section 4 of this volume.

<sup>(1)</sup> This account was terminated in 1994-95.

## 6. Liabilities

The following notable transactions were recorded as liabilities of the Government during the year:

### i. Public Service restructuring

The Government has taken specific measures to reduce employment in the Public Service over the next three years. These measures include early retirement incentives and cash-based departure incentives. The Government has recorded liabilities at March 31,

1995 and charged \$2,319 million to other program expenditures for these special termination costs as a result of the February 1995 Budget and prior staff reduction initiatives. Of this amount, \$819 million has been recorded as public sector pension liabilities. More details on public sector pensions are provided in Note 8.

### ii. Transportation subsidies

The Government has eliminated transportation subsidies under the *Western Grain Transportation Act* which was repealed on July 31, 1995. As a consequence, the Government has enacted legislation to make payments totalling \$1,600 million to owners of eligible prairie farm land in recognition of the impact upon land values resulting from the termination of rate subsidies. Land owners who held title to designated property on February 28, 1995 are eligible to apply to receive transfer payments. The Government has recorded a liability at March 31, 1995 and charged other transfer payment expenditures for this measure.

### iii. PEI Fixed Link

The Government has entered into certain arrangements with Strait Crossing Finance Inc. (SCFI), a wholly-owned corporation of the Province of New Brunswick, whereby the Government is obligated to pay an annual subsidy of \$41.9 million (1992 dollars) to SCFI for the construction of a bridge (known as the PEI Fixed Link) between the Provinces of New Brunswick and Prince Edward Island. Payment of the annual subsidy will begin on May 31, 1997 and continue for 35 years. The amount of annual payments is subject to escalation in accordance with the Consumer Price Index. The payments are authorized pursuant to the *Northumberland Strait Crossing Act* (June 1993) and there are no conditions related to these payments. On April 30, 2032, ownership of the bridge will revert to the Government.

The Government has recorded a liability of \$726 million which is the estimated present value of the subsidy payments. In addition, deferred subsidies of an equal amount have been included in other loans, investments and advances. These deferred subsidies will be amortized over the 35 year period ending on April 30, 2032.

## 7. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value:

Maturing date(s)	(in millions of dollars)						
	Marketable bonds			Canada savings bonds <sup>(1)</sup>	Bonds for Canada Pension Plan	Canada bills	
	Canadian \$	Foreign currencies	Treasury bills			Foreign currencies	Total
		expressed in Canadian \$				expressed in Canadian \$	
1996 .....	25,053	2,278	164,450		10	9,046	200,837
1997 .....	26,055				11		26,066
1998 .....	16,873	2,798		3,917	11		23,599
1999 .....	18,875	2,799		3,710	12		25,396
2000 .....	19,803				17		19,820
2001 and subsequent .....	119,087			23,759	3,427		146,273
	225,746	7,875	164,450	31,386	3,488	9,046	441,991
Less Government's holdings of unmatured debt .....	67			926			993
	225,679	7,875	164,450	30,460	3,488	9,046	440,998
Effective average annual interest rate ..	8.63	7.16	7.60	5.75	10.21	6.16	7.97
Range of interest rates .....	3-15.75	6-10.125	5.84-8.96	5.75	8.21-17.51	5.32-6.77	3-17.51

Details (unaudited) can be found in Section 6 of this volume.

<sup>(1)</sup> Canada savings bonds are redeemable on demand.

Government debt is issued at both fixed and variable rates. The Government has entered into interest swap agreements to facilitate management of the risks associated with its interest rate exposure. At March 31, 1995, the Government had interest swap agreements of US \$1,625 million (US \$1,625 million in 1994) and Cdn \$7,925 million (Cdn \$7,900 million in 1994) in notional principal. Under these agreements, which expire between 1995 and 2005, fixed interest rate commitments have been converted to variable rates (tied to the London Interbank Offered Rate (LIBOR) or Banker's Acceptance).

The Government has entered into a currency swap arrangement where Canada has exchanged Cdn \$400 million for US \$286 million. The Government pays a floating rate of interest on the US \$286 million and receives a floating rate of interest on the Cdn \$400 million. The US floating rate is tied to LIBOR, and the Canadian floating rate is tied to the Banker's Acceptance.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges in the Statement of Revenues and Expenditures.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end and include the following:

	(in millions of dollars)		
	1995	1995	1994
	Face Value	Canadian \$	Canadian \$
United States dollars .....	12,093	16,921	10,668



## 8. Public Sector Pensions

The Government is responsible for defined benefit pension plans covering substantially all of its full-time employees (including the Public Service, Canadian Forces, Royal Canadian Mounted Police and certain Crown corporations) as well as federally appointed judges and Members of Parliament. Pension benefits are generally calculated by reference to highest earnings for a specified period of time, are related to years of service and are indexed to inflation. Separate funds are not set aside to provide for payment of these pension benefits.

Annually, pension obligations are estimated by projecting benefits expected to be paid in the future and calculating their present value. Many assumptions are required for this process, including estimates of future inflation, interest rates, general wage increases, workforce composition, retirement rates and mortality rates. The long-term rate of inflation used in the valuation is 1.5 percent.

The Government uses its best estimates for the assumptions affecting these pension obligations. Changes in assumptions can result in significantly higher or lower estimates of liabilities. For example, an increase of 1 percent in the inflation rate would increase the pension liability by approximately \$9,000 million, whereas an increase of 1 percent in interest rates would reduce the pension liability by about \$12,400 million.

The pension liability recorded in the financial statements is comprised of the accrued benefit obligation determined as of March 31, 1995, which amounted to \$82,380 million (1994—\$79,897 million) and unamortized pension adjustments of \$18,653 million (1994—\$14,200 million). The unamortized pension adjustments will be amortized over periods ranging from 7 to 14 years which will reduce expenditures in those years.

Interest at the Government's long-term bond rate (about 10.4 percent in 1995 and 10.5 percent in 1994) is calculated in accordance with the pension legislation and is reported as part of public debt charges. Charges to expenditures are summarized as follows:

	(in millions of dollars)	
	1995	1994
Employer contributions .....	1,459	1,424
Statutory payments under various acts .....	82	39
Pension costs attributable to Public Service restructuring <sup>(1)</sup> .....	819	
Less amortization of estimation adjustments .....	(1,959)	(1,435)
Net pension costs .....	401	28
Interest charged to public debt charges .....	9,699	9,094
	10,100	9,122

Details (unaudited) can be found in Section 6 of this volume.

<sup>(1)</sup> Public Service restructuring is discussed in more detail in Note 6.

### 1. 16 FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

## 9. Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan are not included in these financial statements.

The Plan is a federal/provincial program for compulsory and contributory social insurance. It operates in all parts of Canada, except for the Province of Quebec which has a comparable program. The Plan is administered by the Government of Canada, under joint control with the participating provinces.

The Canada Pension Plan Account was established in the accounts of Canada to record the contributions, interest, benefits and administration costs of the Plan. Additionally, the Canada Pension Plan Investment Fund was established in the accounts of Canada to record the investments in securities of the provinces, territories and Canada. The liability at March 31, 1995 is reported as the balance in the Account net of securities held by the Fund. A summary of the financial activities of the Plan is presented as follows:

	(in millions of dollars)	
	1995	1994
Canada Pension Plan Account—		
Balance beginning of year .....	40,951	42,172
Contributions received .....	10,464	8,922
Interest earned .....	4,415	4,446
Pensions and benefits paid .....	15,257	14,402
Administration costs .....	200	187
Balance end of year .....	40,373	40,951
Invested in—		
Provincial securities .....	33,479	34,726
Canada bonds .....	3,488	3,497
Deposit with the Receiver General for Canada .....	3,406	2,728
	40,373	40,951

The Plan is financed on a pay-as-you-go basis, which means that pensions and benefits are paid out of current contributions. As administrator, the Government's authority to pay pensions and benefits is limited to the balance in the Account of \$40,373 million (\$40,951 million in 1994). Governing legislation does not require the Plan obligations to be determined on an actuarial basis (a process that estimates the current value of future benefits using various assumptions). The balance in the Account is therefore planned, over time, to equal about two times the projected annual payments in the following year. The Fifteenth Actuarial Report on the Canada Pension Plan prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions provides further discussion on funding of the Plan.

The financial statements of the Plan are included in Section 6 of this volume.



## 10. Foreign Exchange Accounts

### i. Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The following table presents the balances of foreign exchange accounts:

	(in millions of dollars)	
	1995	1994
International reserves held in the Exchange Fund Account .....	14,356	13,156
International Monetary Fund—		
Subscriptions .....	9,433	8,443
	23,789	21,599
Less: International Monetary Fund—		
Notes payable .....	7,737	7,151
Special Drawing Rights allocations ...	1,702	1,523
	9,439	8,674
Total foreign exchange accounts .....	14,350	12,925

Details (unaudited) can be found in Section 8 of this volume.

### ii. Gold

The Government keeps certain investments in its Exchange Fund Account to aid in the control and protection of the external value of the Canadian dollar. Part of these investments is kept in the form of gold: 3.9 million fine ounces (1994—5.6 million fine ounces). These gold holdings are valued at 35 SDRs or \$76.42 (1994—\$68.40) per fine ounce, which approximates cost. An SDR is a unit of account used by the International Monetary Fund valued in terms of a basket of five major currencies. This valuation results in a recorded value of \$298 million (1994—\$383 million), which is much lower than the market value basis of \$2,139 million (1994—\$3,016 million) using values of \$548.49 per fine ounce in 1995 (1994—\$538.54).

Further details are provided in the financial statements of the Exchange Fund Account in Section 8 of this volume.

## 11. Loans, Investments and Advances

### i. Loans, investments and advances include the following:

	(in millions of dollars)	
	1995	1994
Enterprise Crown corporations—		
Canada Deposit Insurance Corporation ....	2,160	3,151
Canada Mortgage and Housing Corporation .....	7,860	8,100
Canadian National Railway System .....	2,360	2,379
Export Development Corporation .....	851	813
Farm Credit Corporation .....	3,642	3,606
Federal Business Development Bank .....	303	304
Other .....	1,042	930
Total enterprise Crown corporations .....	18,218	19,283
Joint and mixed enterprises—		
Petro-Canada .....	4,300	4,300
Other .....	74	74
	4,374	4,374
National governments including		
developing countries .....	3,282	3,434
International organizations (Net) .....	3,545	3,360
Provincial and territorial governments .....	876	1,111
Other .....	1,710	1,478
Total loans, investments and advances .....	32,005	33,040

Details (unaudited) can be found in Section 9 of this volume.

### ii. Crown corporations

The Government wholly owns forty-six companies referred to as Crown corporations.

Some of these companies rely on the Government for most of their financing. There are twenty-two (twenty-five in 1994) such companies whose financial activities are consolidated in these financial statements. Therefore, no loan balances with these corporations are recorded in the table above. The major corporations are Canadian Broadcasting Corporation, Marine Atlantic Inc. and VIA Rail Canada Inc.. Details of these corporations are included in Section 4 of this volume.

Other companies are able to raise substantial portions of their revenues through commercial business activity; these companies are called enterprise Crown corporations. Their financial affairs are not included in these financial statements, except that their borrowings are recorded as liabilities of the Government when they are not expected to be repaid directly by these corporations. Details of these corporations are included in Section 9 of this volume.

Financial statements of all Crown corporations are included in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

### iii. Enterprise Crown corporations

As shown in (i) above, the Government's recorded financial assets for this group amount to \$18,218 million (\$19,283 million in 1994). Of this amount,

\$5,391 million (\$5,239 million in 1994) represents investments in capital stock and contributed capital of the corporations. The balance represents loans and advances made by the Government.

Financial results for the enterprise Crown corporations are summarized as follows:

	(in millions of dollars)	
	1995	1994
Assets (including fixed assets and deferred charges of \$13,528 (\$12,642 in 1994))	82,171	81,218
Liabilities	75,792	75,786
Net equity	6,379	5,432
Revenues	21,883	19,812
Expenses	19,958	18,927
Net income for the year	1,925	885
Other changes in equity		
Dividends <sup>(1)</sup>	-1,588	-1,479
Other	610	483
	947	-111
Opening net equity	5,432	5,543
Closing net equity	6,379	5,432
Contractual commitments	9,331	9,877
Contingent liabilities	592	535

Details (unaudited) can be found in Section 9 of this volume.

<sup>(1)</sup> Amounts reported as dividends include \$1,571 million (\$1,452 million in 1994) from the Bank of Canada.

## 12. International Development Assistance—Loans and Subscriptions

### i. Loans to developing countries

Included in loans to national governments of \$3,282 million (\$3,434 million in 1994) are loans to developing countries of \$1,828 million (\$1,903 million in 1994). Due to the concessionary nature of these loans (extended terms, low interest rates or no interest), loans signed before April 1, 1986 have been fully provided for in the allowance for valuation of assets. All similar loans disbursed after April 1, 1986 have been treated as budgetary expenditures.

Details (unaudited) can be found in Section 9 of this volume.

### ii. Loans, investments and advances to international organizations

Loans, investments and advances to international organizations, including development banks and their related funds, total \$5,480 million (\$5,691 million in 1994) against which notes payable to these institutions of \$1,935 million (\$2,331 million in 1994) are netted. These notes are non-interest bearing, non-negotiable and payable on demand, although normally encashed within seven years.

Generally, advances to the funds are considered to be of a more concessionary nature as the funds lend to developing countries on beneficial terms. Accordingly, advances to the funds prior to April 1, 1986

have been fully provided for in the allowance for valuation of assets. Advances to the funds after April 1, 1986 have been treated as budgetary expenditures.

Details (unaudited) can be found in Section 9 of this volume.

## 13. Contractual Commitments

The nature of Government activity results in some large multi-year contracts and obligations. Major contractual commitments that can be reasonably estimated are summarized as follows:

	(in millions of dollars)	
	1995	1994
Transfer payment agreements	11,269	13,682 <sup>(1)</sup>
Acquisition of property and equipment, and goods and services	5,022	5,750
Operating and capital leases	4,372	4,434
International organizations	2,400	2,127
Benefit plans for veterans	5,500	5,500
Pension liability under Continuation Acts	300	300
	28,863	31,793

Details (unaudited) can be found in Section 10 of this volume.

<sup>(1)</sup> This amount includes the PEI Fixed Link. Details can be found in Note 6.

Estimated expenditures against these commitments in future years are as follows:

YEAR	(in millions of dollars)
1996	7,537
1997	5,319
1998	4,550
1999	3,834
2000	3,739
2001 and subsequent	3,884
	28,863

Details (unaudited) can be found in Section 10 of this volume.

### i. Transfer payment agreements

Included in the transfer payment agreements commitments of \$11,269 million (\$13,682 million in 1994) is an amount of \$9,585 million (\$10,082 million in 1994) related to various contractual obligations of Canada Mortgage and Housing Corporation for social housing programs. These agreements are made to provide funding for projects for up to 40 years. Honouring these obligations currently amounts to about \$2,000 million per year. Uncertainty in forecasting makes estimates beyond the year 2000 unreliable. Accordingly, the amounts reported under transfer payment agreements cover only to this date.

### ii. Operating and capital leases

Capital leases have various terms up to 50 years. Of the total of \$4,372 million (\$4,434 million in 1994) in operating and capital leases, \$3,323 million (\$3,281 million in 1994) represents future payments

for capital leases. Of this, \$2,205 million (\$2,211 million in 1994) is imputed interest and executory costs.

### iii. *Benefit plans for veterans*

Under the *Pension Act*, the Government provides pensions and benefits for disability or death arising from military service. Estimated annual expenditures under this Act will approximate \$1,100 million per year over the next few years. Uncertainty in forecasting makes estimates beyond the year 2000 unreliable. Accordingly, the amounts reported under Benefit Plans for Veterans cover only to this date.

## 14. Insurance Programs

Three enterprise Crown corporations, whose financial affairs are not consolidated with these financial statements, operate insurance programs for the Government. In the event the corporations have insufficient funds, the Government will have to provide financing.

Canada Deposit Insurance Corporation provides basic protection coverage to depositors for up to \$60,000 deposited with each member bank, trust or loan company. Total insured deposits at March 31, 1995 amounted to \$323,895 million (1994 - \$306,938 million). The Corporation is expected to be self-financing through premiums collected from members. However, at March 31, 1995, it has accumulated a shortfall of \$1,747 million (1994 - \$1,648 million). The Government expects that this amount will be made up from members' premiums in future years and that no costs will be incurred by the Government.

Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force at March 31, 1995 was \$103,900 million (1994 - \$88,000 million). The Fund has a deficit of \$72 million as at March 31, 1995 (1994 - surplus of \$38 million). Budgetary financial assistance, although rare, is provided at the discretion of the Government.

Export Development Corporation provides export and foreign investment insurance to help with export trade. Insurance in force at March 31, 1995 was \$7,373 million (1994 - \$6,877 million). The premiums collected by the Corporation are expected to cover the cost of both current claims and possible future claims.

Details (unaudited) can be found in Section 10 of this volume.

## 15. Contingent Liabilities

Contingent liabilities which may become actual liabilities, may be summarized as follows:

	(in millions of dollars)	
	1995	1994
Guarantees by the Government .....	34,314	31,221
Less allowance for losses .....	5,540	4,930
	28,774	26,291
International organizations .....	16,863	14,634
Claims and pending and threatened litigation .....	10,178	8,891
Consolidated Crown corporations .....	42	45
	55,857	49,861

The Government records an allowance for losses on loan guarantees and for losses when it is likely that a future payment will be made in respect of enterprise Crown corporation borrowings.

The Government has callable share capital in certain international organizations that could require payment to these agencies. In addition, the Government has issued lines of credit to international organizations to finance future lending.

Included in claims and pending and threatened litigation are aboriginal claims of \$6,229 million (\$5,734 million in 1994) and comprehensive aboriginal land claims of \$623 million (\$623 million in 1994). Approximately 454 (458 in 1994) additional specific aboriginal claims related to statutory and treaty obligations have not been totally quantified along with 49 comprehensive land claims.

Details (unaudited) can be found in Section 10 of this volume.

## 16. Environmental Liabilities

The Government has adopted a Code of Environmental Stewardship covering all areas of its operations. The Code will be complemented by a list of targets and objectives reflecting environmental commitments that the Government has made or is making and that will be implemented in its operations. They will cover a broad range of issues, from real property management and waste generation to contaminated site clean-up.

While estimates of total radioactive and non-radioactive waste clean-up costs for Canada have ranged as high as \$30,000 million, much of this amount is clearly the responsibility of other levels of government and the private sector. Some estimates place the federal share at \$2,800 million. However, reasonable estimates of costs attributable to the Government cannot be fully determined at this time. The determination of these costs will be subject to and depend on evolving public policy, legislation, and results of the search for long-term cost-effective waste disposal solutions. The Government will continue to work toward the reasonable determination and disclosure of environmental liabilities in accordance with generally accepted accounting principles.



## SUPPLEMENTARY STATEMENTS

In the February 1991 Budget, the Government introduced measures aimed at improving its financial and economic position. These measures included proposals for a *Spending Control Act* and a *Debt Servicing and Reduction Account Act*. On June 18, 1992, both Acts were passed by Parliament with implementation for the 1991-92 fiscal year.

The intention of these Acts is to limit program spending. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the Goods and Services Tax (GST) to be used to service the public debt and not to fund new program spending. Transactions in respect of both Acts are reported in the following two statements.

## OPINION OF THE AUDITOR GENERAL ON THE STATEMENT REQUIRED UNDER THE *SPENDING CONTROL ACT*

To the House of Commons:

I have audited the statement by the Minister of Finance respecting compliance with the *Spending Control Act* for the year ended March 31, 1995. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 8 of the *Spending Control Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents information fairly, in all material respects, in accordance with the *Spending Control Act* and the stated accounting policies of the Government of Canada as set out in Note 2 of the financial statement. As required by section 8 of the *Spending Control Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA  
*Auditor General of Canada*

Ottawa, Canada  
July 24, 1995



# Statement by the Minister of Finance respecting compliance with the *Spending Control Act* for the Year Ended March 31, 1995

(in thousands of dollars)

	1995	1994
Total expenditures for the year. ....	160,784,829	157,995,864
Less:		
Public debt charges. ....	42,045,877	37,982,416
Expenditures under the <i>Unemployment Insurance Act</i>		
Benefits. ....	14,814,773	17,626,378
Administration costs. ....	1,284,785	1,310,149
Expenditures under the <i>Farm Income Protection Act</i>		
Advances to a Revenue Insurance Fund and provincial revenue insurance program or gross revenue insurance program. ....	-24,979	350,568
Expenditures related to events occurring prior to April 1991. ....	3,646	60,629
	58,124,102	57,330,140
Program spending subject to spending control (Note 4). ....	102,660,727	100,665,724
Spending limit for the year. ....	107,400,000	104,100,000
Expenditures justified by current or future years' increases in revenues (Note 3). ....	72,600	75,100
Adjusted spending limit for the year. ....	107,472,600	104,175,100
Underspending (-) for the year. ....	-4,811,873	-3,509,376

The accompanying notes are an integral part of this statement.

## Notes to the Statement by the Minister of Finance respecting compliance with the *Spending Control Act*

### 1. Authority and Objective

The statement is required by the *Spending Control Act* which received Royal Assent on June 18, 1992. Section 6 of the Act requires that for each controlled fiscal year, a statement by the Minister of Finance respecting compliance with this Act in that year, be reported in the *Public Accounts*. This Act covers fiscal years 1991-92 to 1995-96 inclusive.

The objective of the *Spending Control Act* is to ensure that the program spending over the 1991-92 to 1995-96 fiscal years will not, except under prescribed circumstances, exceed the limits established in the Act.

### 2. Significant Accounting Policies

Expenditures are generally recorded on the accrual basis of accounting and conform to the amounts reported in the Statement of Revenues and Expenditures of the Government of Canada.

### 3. Spending Limit of the Fiscal Year

Pursuant to section 4 of the *Spending Control Act*, the spending limit for a fiscal year can be modified. In compli-

ance with this section, the President of the Treasury Board may certify that a proposed increase in expenditures for a specific program is justified by reasons of good management. This situation applies only when an increase in expenditures results in an equivalent increase in revenues that would not otherwise occur. In 1994-95, an increase in expenditures of \$72.6 million (\$75.1 million in 1993-94) was proposed pursuant to section 4.

### 4. Legislative Changes Affecting Reported Program Spending

In 1993, changes in legislation affected certain expenditures for employee pensions and the family allowances benefit program which were controlled under the *Spending Control Act*. The spending limits were not adjusted to reflect these legislative changes. Had the spending limits for 1995 and 1994 been adjusted downwards, there would have been underspending of approximately \$1,177 million in 1995 and excess spending of approximately \$235 million in 1994.

**OPINION OF THE AUDITOR GENERAL  
ON THE  
STATEMENT OF TRANSACTIONS OF THE  
DEBT SERVICING AND REDUCTION ACCOUNT**

To the House of Commons:

I have audited the statement of transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1995. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 9 of the *Debt Servicing and Reduction Account Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1995 in accordance with the *Debt Servicing and Reduction Account Act* and the stated accounting policies of the Government of Canada

as set out in Note 2 of the financial statement. As required by section 9 of the *Debt Servicing and Reduction Account Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA  
*Auditor General of Canada*

Ottawa, Canada  
July 24, 1995

**Debt Servicing and Reduction Account  
Statement of Transactions  
for the Year Ended March 31, 1995**  
(in thousands of dollars)

	1995	1994
Goods and services tax collected .....	36,715,363	32,652,170
Less: refunds .....	14,787,437	11,921,362
rebates .....	1,447,419	1,416,572
GST paid by ministries .....	878,762	933,095
quarterly tax credits .....	2,815,612	2,685,232
	19,929,230	16,956,261
Net goods and services tax .....	16,786,133	15,695,909
Penalties and interest received		
for goods and services tax .....	129,348	89,739
Gifts to the Crown .....	474	152
Proceeds credited to the Account .....	16,915,955	15,785,800
Public debt expenditures charged to the Account		
Public debt expenditures chargeable to the Account (Note 3) .....	31,369,738	28,027,189
Less amount in excess of the Account's balance <sup>(1)</sup> .....	14,453,783	12,241,389
	16,915,955	15,785,800
Account balance, end of year .....	NIL	NIL

The accompanying notes are an integral part of this statement.

<sup>(1)</sup> Public debt expenditures chargeable to the Account exceeded the amount available in the Account balance for these charges. Under these circumstances, only the amount necessary to bring the Account balance to nil is charged to the Account as required under section 6 of the *Debt Servicing and Reduction Account Act*.

# Notes to the Statement of Transactions of the Debt Servicing and Reduction Account

## 1. Authority and Objective

On June 18, 1992, the *Debt Servicing and Reduction Account Act* received Royal Assent. Section 8 of the Act requires that the *Public Accounts* for the 1991-92 and each subsequent year contain a statement setting out the transactions in that year with respect to the Debt Servicing and Reduction Account.

The objective of the *Debt Servicing and Reduction Account Act* is to apply certain Government revenues against charges associated with the public debt. These revenues include Goods and Services Tax (GST), certain gains on disposals of investments in Crown corporations, and gifts to the Crown. The transactions recorded in the Account have been paid into or charged against the Consolidated Revenue Fund, and the Account is consolidated in the summary financial statements of the Government.

## 2. Significant Accounting Policies

### i. Goods and services tax (GST)

The Government generally reports the GST in the year in which it is received.

The GST refunds and rebates are allocated to the year in which they are paid. The GST quarterly tax credits are charged in the first month of the quarter to which they relate. GST rebates are reported net of GST collected by claimants.

### ii. Other amounts credited to the Account

Gain on sale of shares in Crown corporations, gain on disposal of shares or interest on wind-up of Crown corporations and gifts to the Crown are reported in the year in which the transactions or events that give rise to these revenues occur.

### iii. Public debt expenditures charged to the Account

Public debt expenditures include costs incurred by the Government during the year in servicing, issuing, repayment, discharge or settlement of a debt, under the authority of a *Borrowing Authority Act*.

## 3. Public Debt Expenditures Chargeable to the Account

Public debt expenditures chargeable to the Account are calculated as follows:

	(in thousands of dollars)	
	1995	1994
Public debt charges .....	42,045,877	37,982,416
Less: amounts unrelated to a		
<i>Borrowing Authority Act</i> —		
Interest on unmatured debt <sup>(1)</sup> .....	359,597	369,133
Interest on pension and other		
accounts .....	10,316,542	9,586,094
Public debt expenditures		
chargeable to the Account .....	31,369,738	28,027,189

<sup>(1)</sup> Interest on unmatured debt is related to special non-marketable bonds held by the Canada Pension Plan Investment Fund.

**SUPPLEMENTARY INFORMATION**  
**OBSERVATIONS BY THE AUDITOR GENERAL**  
**ON THE**  
**FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA, THE STATEMENT**  
**REQUIRED UNDER THE *SPENDING CONTROL ACT* AND THE STATEMENT OF**  
**TRANSACTIONS OF THE DEBT SERVICING AND REDUCTION ACCOUNT**

**Introduction**

The first part of Section 1 of Volume I contains the financial statements of the Government of Canada for the year ended March 31, 1995 and my audit opinion on them. The mandate for my audit of these statements is contained in section 6 of the *Auditor General Act*. Also included here are two supplementary statements and my audit opinion on each: the statement required under the *Spending Control Act* and the statement of transactions of the Debt Servicing and Reduction Account. The mandate for my audits of these statements is contained, respectively, in section 8 of the *Spending Control Act* and in section 9 of the *Debt Servicing and Reduction Account Act*.

In this second part of Section 1, my observations, I comment on specific accounting matters that require continuing attention in future years. I also explain in more detail the meaning of my audit opinions on the three sets of financial statements in this Section, how I arrived at the opinions and what they provide to users. I believe that including these observations in the *Public Accounts of Canada* will help parliamentarians and other users to obtain a more complete understanding of the Government's financial statements and my audit opinions on them.

**Matters Requiring Continuing Attention**

**Enterprise Crown corporations**

The financial statements in this Section conform for the most part with recommendations of the Public Sector Accounting and Auditing Board (PSAAB) of the Canadian Institute of Chartered Accountants. The only significant accounting recommendation of PSAAB that has not yet been implemented relates to the way the Government accounts for and reports its investments in enterprise Crown corporations.

In the Statement of Assets and Liabilities, investments in enterprise Crown corporations are recorded at cost, and then reduced by allowances to take account of reductions in value. PSAAB recommends that such investments be adjusted up or down at the end of the year by the amount of the Government's share of corporate profits or losses during the year. I have not added a reservation to my opinion on the Government's financial statements for failure to comply with this recommendation, because there is little effect on the reported deficit this year. Except as noted in a reservation included in my opinion on the Government's 1991 financial statements, there has been little effect on reported deficits since PSAAB published its recommendations in 1988.

However, there is a more significant effect on the net amount reported in the Statement of Assets and Liabilities as investments in enterprise Crown corporations. This results from the fact that net profits and losses of enterprise Crown corporations prior to 1988 have not yet been recognized in the Government's accounts.



In my view, the value of these investments as reported in the Statement of Assets and Liabilities should approximate the value of the corporations themselves as reported in the shareholder's equity section of their audited financial statements (as recommended by PSAAB). This method of accounting for investments in enterprise Crown corporations would result in a relatively automatic and objective adjustment of their carrying values. This should facilitate and strengthen the preparation and audit of the Government's accounts.

I encourage the Government to adopt at the earliest possible date the recommendations of PSAAB on accounting for and reporting its investments in enterprise Crown corporations.

### **Capitalization of physical assets**

As stated in Note 1 of the financial statements, "The costs of acquiring land, buildings, structures, equipment and other capital property are recorded as expenditures at the time of acquisition or construction." However, in his February 1995 Budget, the Minister of Finance announced the Government's intention to adopt "full accrual accounting". One of the principal changes that would result is that the costs of acquiring capital property would be recorded as assets, and included in expenditures in any one year only to the extent that the assets were used in that year (or became obsolete). To illustrate, a \$100 million capital asset with a useful life of 10 years would be included in expenditures (included in the deficit) at the rate of \$10 million per year over the next decade; under existing accounting rules, the full \$100 million would be included in the expenditures of the year in which the asset was acquired.

In his Budget, the Minister of Finance indicated that the Government's intention to capitalize physical assets was, at least in part, a response to concerns that I had raised previously. This is correct. For example, in my 1994 Report, two chapters discussed problems with the Government's accounting for capital assets: Chapter 12, Aspects of Federal Real Property Management; and Chapter 34, Management and Operation of Crown-owned Buildings.

In both of these chapters, I commented that the Government's accounting policy actually discouraged long-term capital investments. This is because the full cost of acquiring capital assets is included in expenditures (included in the deficit) in the year the assets are acquired, even though the benefits of such investments are realized over much longer periods. Further, I commented that the accounting policy actually encouraged managers to seek more costly or complex financing mechanisms to avoid adding to the deficit. The financial statements in this Section contain two examples of this:

- *PEI Fixed Link.* Note 6(iii) of the financial statements describes the arrangements the Government has entered into for construction of the PEI Fixed Link between the provinces of Prince Edward Island and New Brunswick. Chapter 15 of my October 1995 Report describes this complicated financing transaction in greater detail. In my view, these financing arrangements were structured, at least in part, to avoid having the transaction seen as the acquisition of a bridge and thus included in the deficit.

The Government has carefully studied how best to account for the Fixed Link arrangements and Note 6(iii) describes that accounting. A liability, including accrued interest, of \$726 million has been recorded and I concur with that. At the same time, “deferred subsidies” of \$726 million have been recorded as an asset, which will be amortized to expenditures (included in the deficit) over the 35-year period covered by the arrangements. The Government’s rationale for this accounting treatment is that it matches annual costs with the periods during which the bridge will provide transportation facilities to Prince Edward Island.

I tend to view this asset as more in the nature of an investment - the investment being the “right” to take ownership in the year 2032 of a bridge of considerable value. I would expect the value of this investment to be assessed annually and adjusted as required, in accordance with the Government’s policy on valuation of assets.

Looking ahead, I hope that use of the term “deferred subsidies” is not seen as a way of deferring to future years the costs of other programs that belong more properly in the year or years incurred. I believe that, perhaps in conjunction with the development of accounting policies for the capitalization of physical assets, the Government should develop a policy for deferral of costs under certain appropriate situations.

- *Capital leases.* Note 13 of the financial statements discloses the commitments that the Government has entered into over the years under capital lease agreements and that remain outstanding at the end of the year. For all intents and purposes, when the Government signs a capital lease for a property, it effectively purchases the property and incurs a liability to the lessor. The liability is extinguished through annual lease payments that, as with any conventional mortgage, contain a principal and an interest component.

The Government’s current accounting policies require only the annual lease payments to be included in expenditures (and in the deficit) but, if a property is purchased rather than leased, the full purchase price is charged to expenditures (and the deficit). Accordingly, to minimize the size of the deficit in the year an asset is acquired, program managers tend to lease rather than buy. Previous audits have shown, however, that acquiring physical assets through leasing is often more expensive than acquiring them through outright purchase.

I believe that if the Government implements capitalization of physical assets in an appropriate way, it will improve management discipline in departments, reduce costs and improve accountability reporting by departments to Parliament. To avoid the pitfalls that can accompany such a major change in accounting policy, I have several suggestions that I encourage the Government to consider.

***Capitalization of physical assets should be implemented at the departmental level, not just at the summary level.*** I believe that there are few compelling reasons to capitalize physical assets in the summary financial statements alone. In my view, the real benefits to the Government of capitalizing physical assets are in departmental program management. The PEI Fixed Link and capital lease examples illustrate this clearly.

***The capitalization and depreciation of physical assets and the Government's appropriation process should be harmonized.*** Currently, the Government presents appropriation requests to Parliament based on the level of resources, including physical asset acquisitions, needed to carry out its various programs. However, physical assets contribute to programs over many years and not just in the year they are acquired. If physical assets are capitalized, appropriations should focus on the extent to which the assets are used during the period to deliver programs instead of on the cost of acquiring them. This should help both managers of programs and members of Parliament to concentrate less on acquiring resources and more on achieving results. The Government already has a long-standing practice of ensuring that its budget forecasts are presented on the same basis of accounting as its summary financial statements. I encourage the Government to extend this practice if physical assets are capitalized.

***Stringent rules for depreciating and valuing physical assets should be developed and implemented to avoid manipulation of reported results.*** Depreciation and valuation of physical assets will introduce new requirements for the Government to exercise judgment in preparing its financial statements. These judgments must be based on economic and financial realities, and made in a consistent manner from one period to the next. For example, realistic useful lives and residual values of physical assets will have to be determined to ensure that annual charges to expenditures for using the assets (depreciation) are appropriate. Further, care must be taken to avoid deferring to future years costs that belong more properly in the current year. This could happen, for example, if costs such as regional economic development or normal repairs and maintenance were improperly added to physical asset values rather than absorbed in the year the costs were incurred. Finally, environmental costs associated with physical assets, such as site restoration and clean-up, should be reported in an appropriate way.

***The potentially adverse behavioural aspects of capitalizing physical assets should be considered carefully and avoided.*** Although I have described some significant advantages for good program management under capitalization of physical assets, there is potential for adverse behaviour that could weaken resolve for fiscal restraint. For example, readers of the Government's financial statements could conclude, improperly, that its financial position is suddenly rosier because additional assets now appear in the Statement of Assets and Liabilities. However, it should be noted that indicators of financial position such as financial requirements and total liabilities will not change if physical assets are capitalized. Therefore, the Government will have to ensure that capitalization of physical assets does not mask its true financial situation.

***Certain of the Government's physical assets may require special consideration.*** Infrastructure assets (such as roads and highways), heritage properties and works of art may require special consideration because of their unique characteristics. Infrastructure assets tend to have longer useful lives, but only if annual maintenance and periodic upgrades are carried out. Allocating cost through depreciation to periods when infrastructure assets are used may therefore require special rules. Heritage properties and works of art often are not recorded as physical assets or, if they are, depreciation often is not taken on them. Although all physical assets of the Government may eventually be capitalized and depreciated appropriately, at this stage in the evolution of government accounting it may be preferable to take time to consider special accounting and reporting rules for these special kinds of assets.

In summary, I support the Government's intention to capitalize physical assets. To avoid potential pitfalls, I would like to see the Government address the suggestions that I have outlined. In addition, I believe that the Government should continue to work closely with the Public Sector Accounting and Auditing Board (PSAAB), which is also currently studying this complex issue.

### **Accounting for environmental liabilities and contingencies**

As mentioned in my May 1995 Report (Chapters 2 and 3), in previous years the Government had not disclosed in the notes of the financial statements the dollar amounts of potential federal environmental liabilities. The reason given in the note disclosure was that the costs of these potential liabilities could not be determined. This year, the Government has taken a significant step forward in strengthening disclosure of environmental contingencies by reporting potential environmental liabilities of \$2.8 billion in Note 16. However, this number is by no means a complete estimate of all of the significant potential environmental liabilities of the Government at the end of the year. I encourage the Government to continue its efforts to quantify at the earliest possible date the full extent of such potential liabilities. I also encourage the Government to begin developing appropriate methodology for determining when these potential liabilities become actual liabilities that should be shown on the face of the Statement of Assets and Liabilities rather than just in the notes.

In the interim, I believe that the Government should take additional steps to improve disclosure in this area. Specifically, disclosure should be developed to assist readers of the financial statements in reaching a clearer understanding of the uncertainties inherent in the process of measuring environmental liabilities and contingencies. Note 16 states that the determination of costs is subject to and depends on a number of factors including "evolving public policy, legislation, and results of the search for long-term cost-effective waste disposal solutions". This is a very general statement. Where there are specific examples of environmental liabilities whose measurement has significant uncertainties, note disclosure should include a range of reasonably possible outcomes. This should be complemented where possible by a discussion of the assumptions used to calculate the range, and the sensitivity of the range to changes in the assumptions.

In order for the Government to provide a more complete accounting and reporting of its environmental liabilities and contingencies over the longer term, I believe that it should take the following steps at the earliest possible date:

- develop policies to define clearly what constitutes environmental matters and the liabilities (both potential and actual) that relate to these matters;
- prepare a complete inventory of areas of federal responsibility where there may be obligations to make significant future expenditures to clean up environmental damage;
- determine the extent to which the Government, the provinces, or the private sector or some combination of the three bears responsibility for the cost of environmental clean-up in these areas;
- develop methodology to determine when potential environmental liabilities become actual liabilities; and
- develop accounting and reporting policies to provide for enhanced note disclosure of environmental contingencies and the recording of environmental liabilities that have become actual liabilities.



I will continue to monitor and comment on the Government's progress in this area in future years. Given the potential magnitude of environmental contingencies and liabilities and their possible effect on the Government's reported financial position, I encourage the Government to give high priority to addressing the issues raised in this observation.

### **My Audit Opinions: What They Mean, How I Arrived at Them, and What They Provide**

#### **What my audit opinions mean**

My observations discuss in more detail the messages that I convey through my audit opinions. To understand those opinions properly, the reader should review carefully each paragraph, each year. It is incorrect to assume that my opinions remain the same from one year to the next. Each of the audit opinions consists of three paragraphs:

***The introductory paragraph.*** The introductory paragraph begins by listing the financial statements covered by my opinions. It is important to note that my audit opinions relate only to the financial statements and related notes contained in Section 1 of Volume I of the *Public Accounts of Canada*. They do not extend to the more detailed information presented in other sections of Volume I, or to Volume II.

The introductory paragraph concludes by confirming that the financial statements are the responsibility of the Government, and that my responsibility is to form an opinion and report on the fairness of the financial statements.

***The scope paragraph.*** In this paragraph, I state that my audit work on the Government's financial statements has been conducted according to generally accepted auditing standards prescribed by the Canadian Institute of Chartered Accountants. I use these standards to ensure that my audit is conducted with appropriate rigor and professionalism.

In the scope paragraph, I also indicate that I perform my audit procedures to assess whether the financial statements are free of material misstatement. I discuss the concept of materiality below.

Further, I also explain that my audit includes assessing the reasonableness of significant estimates made by the Government. There is a good deal of judgment required in preparing and auditing summary financial statements for an entity the size of the Government of Canada. Many of the significant amounts reported in the financial statements, such as allowances for valuation of various assets and liabilities and the pension liability, are based on estimates made by the Government. These accounts are inherently imprecise. When considering whether misstatements exist in them, I determine a range of values for each that I believe would be reasonable. If the balance of the account as determined by the Government falls within my range, I conclude that the specific estimate is not misstated.

Finally, I make reference in the scope paragraph to the fact that an audit also includes assessing the appropriateness of the accounting policies used by the Government and evaluating the overall presentation of the financial statements. To make this assessment, there must be standards against which my judgments can be made. The standards that I continued to use this year were the Government's own stated accounting policies, pertinent legislation, certain recommendations of the Public Sector Accounting and Auditing Board and, for the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, the provisions of the respective enabling legislation.

**The opinion paragraph.** It is important to note that my opinions are not statements of fact; rather, they are expressions of my professional judgment. The opinion paragraph contains my overall conclusions about several important matters. For the financial statements of the Government of Canada, these matters are:

- whether the statements present information fairly in all material respects;
- whether the statements were prepared in accordance with the Government's stated accounting policies; and
- whether the stated accounting policies were applied on the same basis as in the preceding year.

For the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, my conclusions also relate to an additional matter: whether the statements present information in accordance with the Acts that create them.

#### **How I arrive at my opinions**

With all of this in mind, if I conclude that, in the aggregate, the financial statements are free of material misstatement, I report that information is "presented fairly". If I conclude that the statements are materially misstated, I add supporting reservations to explain why. However, I strongly encourage the Government to correct all misstatements that are detected during my work.

The aggregate of all misstatements in the financial statements is considered material if, in the light of surrounding circumstances, it is probable that the misstatements would change or influence the decision of a person who was relying on the financial statements and who had reasonable knowledge of the Government and its activities. I will include a reservation in my audit opinion if I believe that the aggregate of all the misstatements in the financial statements would mislead the users relying on them.

In addition, in all of my audit work on these financial statements, I also take into account the basic requirement that the Government comply with parliamentary authorities to spend, borrow and raise revenues.

Before commencing my audits, I consider the dollar magnitude (materiality) of misstatements in the financial statements that I believe would influence the decisions of users. This dollar amount is then used in determining the nature, extent and timing of the audit work required. I base this amount on the total expenditures of the Government. For this year's audit of the three sets of financial statements, I have set materiality at slightly more than one half of one percent of total gross expenditures of \$172 billion.

In my audit opinions, I do not say that the financial statements are "correct". The nature and extent of my audit work cannot be designed in any reasonable way to reach such a conclusion. The size and complexity of the Government make it impractical for me to examine all or even most of the trillions of dollars in individual transactions entered into during the year.

As discussed above, I designed my audit to detect misstatements that, in the aggregate, equal or exceed materiality. For reasons of sensitivity, some procedures are performed at a lower level of materiality. For example, I have designed specific tests to detect non-compliance with certain authorities such as the expenditure limits established by Parliament.

To be in a position to render my audit opinions, generally accepted auditing standards require that I have "reasonable assurance" that my audits will reveal misstatements aggregating to more than the predetermined materiality levels. In planning my audits, I accept the risk that my audit procedures will not provide absolute assurance that the financial statements are not materially misstated. However, in conducting my audits, I have performed specific audit procedures that reduce this risk to a level that I consider acceptable. These include, for example, testing a sample of transactions and account balances, performing analyses, confirming year-end balances with third parties and, where considered necessary, reviewing significant internal controls.

### **What my audits provide**

In describing what my audit reports provide to readers, it is important to highlight what the reports do not do. My audit opinions do not address the issue of economical, efficient and effective use of resources by the Government. That is something we do separately from our audit of the Government's financial statements.

In addition, my audits of the Government's financial statements were neither extensive enough nor designed to provide assurance on the integrity of each of the Government's many and varied systems of internal control and compliance with spending limits in each of the Government's several hundred individual appropriations. However, additional work in each of these areas is conducted on a cyclical basis in departments and agencies. I consider all of this work in developing my opinions on the Government's financial statements. If issues are identified that I feel are significant to the users of the financial statements, I will mention them in my opinions or in these observations. Although some serious issues of internal control and compliance with authority were identified, none of these require mention in the context of my opinions on the financial statements. Those results of my work are included in my periodic and annual reports to the House of Commons.

Further, due to the accounting policies the Government follows, my audit of tax revenue is restricted to amounts received during the year. Income tax revenue is based on self-assessed income earned and reported by taxpayers. Self-assessed income tax reported to the Government after the end of the year, additional tax assessed by the Government through audits in future years, and tax not reported to the Government at all (the "underground economy") are excluded from the financial statements of the year. These items can be subject to audit only when, and if, amounts are received in the future.

## **Conclusion**

For many years, I have stressed the importance of credible and understandable summary financial statements. As a legislative auditor, I consider my role in ensuring the credibility and understandability of the Government's financial statements to be one of the most important parts of my mandate. But I am also concerned about whether the information I audit is actually useful to Parliament, to the Government and to Canadians as they consider how best to reshape government in this era of fiscal restraint.

By credible, I mean that the information portrayed in financial statements should reflect financial realities. As described in these observations, my audit has been designed to ensure that, in all material respects, the Government's financial statements reflect financial realities, and the financial statements presented in this Section do.

By understandable, I mean that the Government's financial reports should be concise, succinct and crafted in a way that Canadians can understand. The understandability of the financial statements in this Section has improved significantly over the years. In addition, the Government's Annual Financial Report, introduced for the first time last year, summarizes in a concise and readable form condensed financial information about the Government's overall financial situation.

The usefulness of financial information presented in the Government's summary numbers is an integral part of my audit of them. Since becoming Auditor General of Canada, I have made it a practice to come back on a continuous basis to this theme of the usefulness of information about deficits and debt. The financial statements in this Section, and the Annual Financial Report, are the starting point of that process. They provide audited and thus credible information on the total stock of Government liabilities, financial assets, revenue and expenditure flows, the sources and uses of cash, commitments and potential liabilities flowing from existing contingent situations. All of this information should be presented in a manner that is understandable to, and facilitates careful consideration by, members of Parliament and others who are charged with the task of developing proposals to reshape government as part of the Budget consultation process.

In Chapter 5 of my 1993 Report, I encouraged the Government to provide indicators that would clarify the numbers that appear in its financial statements. In Chapter 9 of my October 1995 Report, I continue that theme by discussing how the Government's summary numbers can be used to understand more clearly the significant implications and choices that Canadians face with respect to the Government's massive accumulated debt.

In summary, we are indeed fortunate to have credible financial statements for the Government overall that are presented in a highly understandable form. The challenge now is to use this information appropriately to help make the difficult choices we face.



# SECTION 2

**1994-95**

**PUBLIC ACCOUNTS**

## **Supplementary Financial Information**

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## SUPPLEMENTARY FINANCIAL INFORMATION

### Introduction

This section provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 1 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

### Public Accounts Presentation

The "Summary Statement of Transactions" (Table 2.1) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

**TABLE 2.1**  
GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
SUMMARY STATEMENT OF TRANSACTIONS <sup>(1)</sup>  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Budgetary transactions</b>										
Revenues .....	76,933	85,931	97,612	104,067	113,707	119,353	122,032	120,380	115,984	123,323
Expenditures .....	-111,528	-116,673	-125,406	-132,840	-142,637	-151,353	-156,389	-161,401	-157,996	-160,785
Deficit for the year .....	-34,595	-30,742	-27,794	-28,773	-28,930	-32,000	-34,357	-41,021	-42,012	-37,462
<b>Non-budgetary transactions</b>										
Loans, investments and advances .....	27	1,335	1,127	897	995	291	-233	592	581	-65
Pension and other accounts .....	5,413	5,271	5,716	5,617	6,786	7,030	5,724	5,997	6,242	8,659
Other transactions .....	-1,355	1,218	2,102	-165	619	141	-2,934	-65	5,339	3,026
Net source .....	4,085	7,824	8,945	6,349	8,400	7,462	2,557	6,524	12,162	11,620
Financial requirements (excluding foreign exchange transactions) <sup>(3)</sup> .....	-30,510	-22,918	-18,849	-22,424	-20,530	-24,538	-31,800	-34,497	-29,850	-25,842
<b>Net source from foreign exchange transactions</b> <sup>(2)</sup> .....	5,626	-6,390	-7,149	-5,730	-697	-4,895	941	7,713	3,131	4,828
Total financial requirements <sup>(3)</sup> .....	-24,884	-29,308	-25,998	-28,154	-21,227	-29,433	-30,859	-26,784	-26,719	-21,014
<b>Net source from unmatured debt transactions</b> <sup>(2)</sup> .....	23,770	29,182	22,913	28,454	20,906	30,490	29,064	28,891	25,975	20,770
Change in cash in bank <sup>(4)</sup> .....	-1,114	-126	-3,085	300	-321	1,057	-1,795	2,107	-744	-244
<b>Cash in bank at beginning of year</b> .....	5,858	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137
<b>Cash in bank at end of year</b> .....	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137	1,893

Details can be found in other sections of this volume.

<sup>(1)</sup> Consistent with the Statement of Transactions in Section 1 of this volume.

<sup>(2)</sup> The change in unmatured debt payable in foreign currencies, \$6,253 million in 1994-95 (\$5,259 million in 1993-94), has been included as part of foreign exchange transactions.

<sup>(3)</sup> Cash requirements (-)

<sup>(4)</sup> Cash decrease (-)

**TABLE 2.2**  
**GOVERNMENT OF CANADA**  
**PUBLIC ACCOUNTS PRESENTATION**  
**DETAILED STATEMENT OF REVENUE TRANSACTIONS**  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Tax revenues—</b>										
<b>Income tax—</b>										
Personal .....	33,008	37,878	45,125	46,026	51,895	57,601	61,222	58,283	51,427	56,329
Corporation .....	9,210	9,885	10,878	11,730	13,021	11,726	9,359	7,206	9,444	11,604
Other income tax revenues .....	1,179	1,499	1,369	1,843	1,587	1,651	1,534	1,462	1,593	1,769
	43,397	49,262	57,372	59,599	66,503	70,978	72,115	66,951	62,464	69,702
<b>Unemployment insurance premiums .....</b>	<b>8,719</b>	<b>9,558</b>	<b>10,425</b>	<b>11,268</b>	<b>10,738</b>	<b>12,707</b>	<b>15,394</b>	<b>17,535</b>	<b>18,233</b>	<b>18,928</b>
<b>Excise taxes and duties—</b>										
Goods and services tax .....						2,574	15,168	14,868	15,696	16,786
Energy taxes .....	3,348	1,965	2,603	2,646	2,471	3,192	3,441	3,437	3,640	3,824
Customs import duties .....	3,971	4,187	4,385	4,521	4,587	4,001	3,999	3,811	3,652	3,575
Other excise taxes and duties .....	12,172	14,897	15,953	18,604	21,097	16,346	2,588	3,964	3,647	2,904
	19,491	21,049	22,941	25,771	28,155	26,113	25,196	26,080	26,635	27,089
<b>Total tax revenues .....</b>	<b>71,607</b>	<b>79,869</b>	<b>90,738</b>	<b>96,638</b>	<b>105,396</b>	<b>109,798</b>	<b>112,705</b>	<b>110,566</b>	<b>107,332</b>	<b>115,719</b>
<b>Non-tax revenues—</b>										
<b>Return on investments—</b>										
Bank of Canada .....	1,856	1,971	1,871	1,938	2,239	2,809	1,844	1,806	1,452	1,571
Canada Mortgage and Housing Corporation .....	892	866	853	845	822	772	753	800	719	706
Farm Credit Corporation .....	386	354	326	301	239	230	215	226	211	199
Exchange Fund Account .....	-505	366	752	1,658	1,661	2,258	2,900	3,209	2,916	1,816
Interest on bank deposits .....	278	219	279	256	278	285	192	169	128	155
Other return on investments .....	754	479	656	549	611	453	617	628	716	574
	3,661	4,255	4,737	5,547	5,850	6,807	6,521	6,838	6,142	5,021
<b>Other non-tax revenues .....</b>	<b>1,665</b>	<b>1,807</b>	<b>2,137</b>	<b>1,882</b>	<b>2,461</b>	<b>2,748</b>	<b>2,806</b>	<b>2,976</b>	<b>2,510</b>	<b>2,583</b>
<b>Total non-tax revenues .....</b>	<b>5,326</b>	<b>6,062</b>	<b>6,874</b>	<b>7,429</b>	<b>8,311</b>	<b>9,555</b>	<b>9,327</b>	<b>9,814</b>	<b>8,652</b>	<b>7,604</b>
<b>Total net revenues .....</b>	<b>76,933</b>	<b>85,931</b>	<b>97,612</b>	<b>104,067</b>	<b>113,707</b>	<b>119,353</b>	<b>122,032</b>	<b>120,380</b>	<b>115,984</b>	<b>123,323</b>

**TABLE 2.3**

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Transfer payments—</b>										
Old age security benefits, guaranteed income supplements and spouses' allowances .....	12,525	13,445	14,349	15,202	16,154	17,131	18,393	19,106	19,903	20,511
Unemployment insurance benefits .....	10,036	10,444	10,487	10,972	11,694	14,665	18,126	19,065	17,626	14,815
Fiscal arrangements .....	5,941	6,302	7,007	8,127	8,653	8,280	8,854	7,591	9,045	7,674
Insurance and medical care .....	6,400	6,607	6,558	6,678	6,663	6,033	6,689	8,307	7,232	7,691
Canada Assistance Plan .....	3,916	4,051	4,246	4,556	5,006	5,788	6,099	6,686	7,236	7,266
Education support .....	2,277	2,232	2,242	2,227	2,166	1,862	2,142	2,887	2,378	2,486
Family allowances and Child tax benefits <sup>(1)</sup> .....	2,501	2,534	2,564	2,606	2,653	2,736	2,821	2,194	7	
Other transfer payments .....	15,387	15,291	17,436	17,535	17,139	16,607	18,829	19,624	19,941	21,597
<b>Total transfer payments .....</b>	<b>58,983</b>	<b>60,906</b>	<b>64,889</b>	<b>67,903</b>	<b>70,128</b>	<b>73,102</b>	<b>81,953</b>	<b>85,460</b>	<b>83,368</b>	<b>82,040</b>
<b>Crown corporation expenditures .....</b>	<b>4,479</b>	<b>4,936</b>	<b>5,872</b>	<b>4,772</b>	<b>5,237</b>	<b>5,713</b>	<b>5,252</b>	<b>6,219</b>	<b>5,298</b>	<b>5,003</b>
<b>Other program expenditures—</b>										
National Defence .....	8,890	9,695	10,337	10,700	11,249	11,518	10,901	10,939	11,282	10,693
All other departments and agencies .....	13,754	14,468	15,355	16,313	17,234	18,432	17,109	19,958	20,066	21,003
<b>Total other program expenditures .....</b>	<b>22,644</b>	<b>24,163</b>	<b>25,692</b>	<b>27,013</b>	<b>28,483</b>	<b>29,950</b>	<b>28,010</b>	<b>30,897</b>	<b>31,348</b>	<b>31,696</b>
<b>Total program expenditures .....</b>	<b>86,106</b>	<b>90,005</b>	<b>96,453</b>	<b>99,688</b>	<b>103,848</b>	<b>108,765</b>	<b>115,215</b>	<b>122,576</b>	<b>120,014</b>	<b>118,739</b>
<b>Public debt charges .....</b>	<b>25,422</b>	<b>26,668</b>	<b>28,953</b>	<b>33,152</b>	<b>38,789</b>	<b>42,588</b>	<b>41,174</b>	<b>38,825</b>	<b>37,982</b>	<b>42,046</b>
<b>Total net expenditures .....</b>	<b>111,528</b>	<b>116,673</b>	<b>125,406</b>	<b>132,840</b>	<b>142,637</b>	<b>151,353</b>	<b>156,389</b>	<b>161,401</b>	<b>157,996</b>	<b>160,785</b>

<sup>(1)</sup> The Child Tax Benefit Program was introduced in January 1993 to replace the Child Tax Credits and the Family Allowance Program.

**TABLE 2.4**

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS PRESENTATION  
STATEMENT OF ACCUMULATED DEFICIT  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Accumulated deficit—Beginning of year .....</b>	<b>207,986</b>	<b>242,581</b>	<b>273,323</b>	<b>301,117</b>	<b>329,890</b>	<b>358,820</b>	<b>390,820</b>	<b>425,177</b>	<b>466,198</b>	<b>508,210</b>
Deficit for the year .....	34,595	30,742	27,794	28,773	28,930	32,000	34,357	41,021	42,012	37,462
<b>Accumulated deficit—End of year .....</b>	<b>242,581</b>	<b>273,323</b>	<b>301,117</b>	<b>329,890</b>	<b>358,820</b>	<b>390,820</b>	<b>425,177</b>	<b>466,198</b>	<b>508,210</b>	<b>545,672</b>



**TABLE 2.5**  
**GOVERNMENT OF CANADA**  
**PUBLIC ACCOUNTS PRESENTATION**  
**STATEMENT OF ASSETS AND LIABILITIES**  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>LIABILITIES</b>										
<b>CURRENT LIABILITIES AND ALLOWANCES—</b>										
Accounts payable and accrued liabilities <sup>(1)</sup> .....	7,014	7,486	9,441	10,113	11,348	11,192	11,297	10,832	14,646	18,390
Interest and matured debt .....	8,592	8,583	9,043	6,549	5,683	5,489	6,576	5,866	6,465	4,831
Allowance for employee benefits .....	2,050	2,350	2,500	4,300	4,200	3,950	3,050	3,285	3,555	3,910
Allowance for loan guarantees and borrowings of										
Crown corporations .....	2,240	2,655	3,320	3,615	4,000	4,170	4,020	4,555	4,930	5,540
<b>Total current liabilities and allowances .....</b>	<b>19,896</b>	<b>21,074</b>	<b>24,304</b>	<b>24,577</b>	<b>25,231</b>	<b>24,801</b>	<b>24,943</b>	<b>24,538</b>	<b>29,596</b>	<b>32,671</b>
<b>INTEREST-BEARING DEBT—</b>										
<b>Unmatured debt—</b>										
Payable in Canadian currency—										
Marketable bonds .....	80,883	94,416	103,748	115,732	127,532	143,485	158,051	178,412	203,392	225,679
Treasury bills .....	61,950	76,950	81,050	102,700	118,550	139,150	152,300	162,050	166,000	164,450
Canada saving bonds .....	44,154	43,452	52,237	46,544	39,733	33,250	34,589	33,365	30,418	30,460
Bonds for Canada Pension Plan .....	445	1,796	2,492	3,005	3,072	3,492	3,501	3,505	3,497	3,488
Payable in foreign currencies .....	187,432	216,614	239,527	267,981	288,887	319,377	348,441	377,332	403,307	424,077
	13,797	11,997	11,282	8,320	5,675	4,526	3,444	5,409	10,668	16,921
	201,229	228,611	250,809	276,301	294,562	323,903	351,885	382,741	413,975	440,998
<b>Pension and other accounts—</b>										
Public sector pensions .....	46,994	51,992	57,417	63,241	69,626	76,139	81,881	87,911	94,097	101,033
Canada Pension Plan .....	1,773	1,978	2,284	2,540	2,962	3,459	3,181	2,839	2,728	3,406
Other .....	3,385	3,453	3,438	2,975	2,954	2,974	3,234	3,543	3,710	4,755
	52,152	57,423	63,139	68,756	75,542	82,572	88,296	94,293	100,535	109,194
<b>Total interest-bearing debt .....</b>	<b>253,381</b>	<b>286,034</b>	<b>313,948</b>	<b>345,057</b>	<b>370,104</b>	<b>406,475</b>	<b>440,181</b>	<b>477,034</b>	<b>514,510</b>	<b>550,192</b>
<b>TOTAL LIABILITIES .....</b>	<b>273,277</b>	<b>307,108</b>	<b>338,252</b>	<b>369,634</b>	<b>395,335</b>	<b>431,276</b>	<b>465,124</b>	<b>501,572</b>	<b>544,106</b>	<b>582,863</b>
<b>ASSETS</b>										
<b>CURRENT ASSETS—</b>										
Cash in bank .....	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137	1,893
Cash in transit .....	1,693	1,468	2,322	2,087	2,035	2,196	2,902	2,931	3,313	3,241
	6,437	6,086	3,855	3,920	3,547	4,765	3,676	5,812	5,450	5,134
Less outstanding cheques and warrants .....	2,934	2,870	2,723	2,369	2,546	4,022	2,695	3,228	4,015	3,751
Total cash .....	3,503	3,216	1,132	1,551	1,001	743	981	2,584	1,435	1,383
Accounts receivable <sup>(1)</sup> .....	1,590	1,711	1,838	2,157	2,421	3,165	4,208	4,372	4,496	4,353
<b>Total current assets .....</b>	<b>5,093</b>	<b>4,927</b>	<b>2,970</b>	<b>3,708</b>	<b>3,422</b>	<b>3,908</b>	<b>5,189</b>	<b>6,956</b>	<b>5,931</b>	<b>5,736</b>
<b>FOREIGN EXCHANGE ACCOUNTS—</b>										
International reserves held in the Exchange Fund										
Account .....	3,459	8,212	14,779	17,422	15,393	19,066	17,148	10,879	13,156	14,356
International Monetary Fund—Subscriptions .....	4,670	4,936	5,038	4,534	4,474	4,565	4,797	7,599	8,443	9,433
Less International Monetary Fund—Notes payable										
and Special Drawing Rights allocations .....	5,151	5,580	5,815	5,186	5,045	5,063	5,400	7,681	8,674	9,439
<b>Total net foreign exchange accounts .....</b>	<b>2,978</b>	<b>7,568</b>	<b>14,002</b>	<b>16,770</b>	<b>14,822</b>	<b>18,568</b>	<b>16,545</b>	<b>10,797</b>	<b>12,925</b>	<b>14,350</b>
<b>LOANS, INVESTMENTS AND ADVANCES—</b>										
Enterprise Crown corporations .....	21,252	20,422	18,972	18,238	17,678	17,428	18,150	19,543	19,283	18,218
Joint and mixed enterprises .....	5,520	5,283	4,964	4,928	4,461	4,461	4,461	4,374	4,374	4,374
National governments including developing										
countries .....	4,529	4,404	4,323	4,191	3,495	3,476	3,535	3,382	3,434	3,282
International organizations (net of notes) .....	2,751	2,705	2,690	2,714	2,784	2,821	2,926	3,124	3,360	3,545
Provincial and territorial governments .....	1,037	948	911	883	1,023	937	819	1,086	1,111	876
Other .....	1,329	1,270	1,363	1,781	1,744	1,832	1,918	1,417	1,478	1,710
	36,418	35,032	33,223	32,735	31,185	30,955	31,809	32,926	33,040	32,005
Less allowance for valuation .....	13,793	13,742	13,060	13,469	12,914	12,975	13,596	15,305	16,000	14,900
<b>Total loans, investments and advances .....</b>	<b>22,625</b>	<b>21,290</b>	<b>20,163</b>	<b>19,266</b>	<b>18,271</b>	<b>17,980</b>	<b>18,213</b>	<b>17,621</b>	<b>17,040</b>	<b>17,105</b>
<b>TOTAL ASSETS .....</b>	<b>30,696</b>	<b>33,785</b>	<b>37,135</b>	<b>39,744</b>	<b>36,515</b>	<b>40,456</b>	<b>39,947</b>	<b>35,374</b>	<b>35,896</b>	<b>37,191</b>
<b>ACCUMULATED DEFICIT .....</b>	<b>242,581</b>	<b>273,323</b>	<b>301,117</b>	<b>329,890</b>	<b>358,820</b>	<b>390,820</b>	<b>425,177</b>	<b>466,198</b>	<b>508,210</b>	<b>545,672</b>

<sup>(1)</sup> When any closing balance of the Provincial tax collection agreements account is in a debit position, the balance is included with Current assets — Accounts receivable.

## TABLE 2.6

## GOVERNMENT OF CANADA

## PUBLIC ACCOUNTS PRESENTATION

## DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS

(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Loans, investments and advances—</b>										
Enterprise Crown corporations—										
Canada Deposit Insurance Corporation .....	-895	-268	-131	-361	320	150	-560	-1,300	-66	991
Canada Mortgage and Housing Corporation .....	195	254	234	273	201	194	65	238	105	240
Canadian National Railway System .....	9	352	29	12	12	13	15	16	17	19
Export Development Corporation .....	64	49	55	25	-75	-16			-25	-38
Farm Credit Corporation .....	214	591	-179	230	104	-82	-159	71	-68	-35
Federal Business Development Bank .....	119	93	51				-10			
Other .....	177	-241	1,391	555	-2	-9	-73	-412	297	-112
	-117	830	1,450	734	560	250	-722	-1,387	260	1,065
<b>Other loans, investments and advances—</b>										
Joint and mixed enterprises .....	-61	237	319	36	362			88		
National governments including developing countries .....	-142	124	81	132	696	19	-59	152	-52	152
International organizations (net of notes) .....	-220	46	15	-24	-70	-37	-105	-197	-236	-185
Provincial and territorial governments .....	110	89	37	28	-140	86	118	-268	-25	235
Other .....	171	60	-93	-418	142	-88	-86	495	-61	-232
	-142	556	359	-246	990	-20	-132	270	-374	-30
Total loans, investments and advances .....	-259	1,386	1,809	488	1,550	230	-854	-1,117	-114	1,035
Allowance for valuation .....	286	-51	-682	409	-555	61	621	1,709	695	-1,100
Total loans, investments and advances after allowance for valuation .....	27	1,335	1,127	897	995	291	-233	592	581	-65
<b>Pension and other accounts—</b>										
Public sector pensions (net) .....	4,682	4,998	5,425	5,825	6,385	6,511	5,742	6,030	6,186	6,936
Canada Pension Plan (net) .....	271	205	306	256	422	497	-278	-342	-111	678
Other .....	460	68	-15	-464	-21	22	260	309	167	1,045
Total pension and other accounts .....	5,413	5,271	5,716	5,617	6,786	7,030	5,724	5,997	6,242	8,659
<b>Other transactions—</b>										
Cash in transit .....	189	225	-854	235	52	-161	-706	-29	-382	72
Outstanding cheques and warrants .....	-489	-64	-147	-354	177	1,476	-1,327	533	787	-264
Accounts receivable .....	-74	-121	-127	-319	-264	-744	-1,043	239	27	-412
Provincial tax collection agreements account .....	-227	57	1,050	-731	-368	-813	-241	-747	-151	870
Other liabilities .....	-754	1,121	2,180	1,004	1,022	383	383	-61	5,058	2,760
Total other transactions .....	-1,355	1,218	2,102	-165	619	141	-2,934	-65	5,339	3,026
<b>Net non-budgetary transactions after allowance for valuation .....</b>	<b>4,085</b>	<b>7,824</b>	<b>8,945</b>	<b>6,349</b>	<b>8,400</b>	<b>7,462</b>	<b>2,557</b>	<b>6,524</b>	<b>12,162</b>	<b>11,620</b>

Source/requirement (-)

TABLE 2.7

## GOVERNMENT OF CANADA

## PUBLIC ACCOUNTS PRESENTATION

## DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS

(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Foreign exchange transactions—</b>										
International reserves held in the Exchange Fund										
Account .....	752	-4,753	-6,567	-2,643	2,029	-3,673	1,918	6,269	-2,277	-1,200
International Monetary Fund—Subscriptions .....	-685	-266	-102	504	60	-91	-232	-2,802	-844	-990
	67	-5,019	-6,669	-2,139	2,089	-3,764	1,686	3,467	-3,121	-2,190
<i>Less</i> International Monetary Fund—Notes payable .....	-637	-359	-208	495	126	5	-275	-2,181	-841	-586
Special Drawing Rights allocations .....	-182	-70	-27	134	15	-23	-62	-100	-152	-179
	-819	-429	-235	629	141	-18	-337	-2,281	-993	-765
Unmatured debt transactions payable in foreign currencies	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082	1,965	5,259	6,253
Total foreign exchange transactions .....	5,626	-6,390	-7,149	-5,730	-697	-4,895	941	7,713	3,131	4,828
<b>Unmatured debt transactions—</b>										
Marketable bonds .....	15,447	13,512	9,787	10,951	10,575	15,404	14,499	19,781	27,142	25,142
Treasury bills .....	9,650	15,000	4,100	21,650	15,850	20,600	13,150	9,750	3,950	-1,550
Canada savings bonds .....	2,312	-703	8,786	-5,693	-6,812	-6,482	1,339	-1,224	-2,947	43
Bonds for the Canada Pension Plan .....	240	1,351	696	513	67	420	9	4	-8	-9
Notes and loans .....	861	-2,823	-1,171	-2,015	-1,734	-163	-7	-7		
Canada bills .....		1,045		86	315	-438	-1,008	2,552	3,097	3,397
	28,510	27,382	22,198	25,492	18,261	29,341	27,982	30,856	31,234	27,023
<i>Less</i> Unmatured debt transactions payable in										
foreign currencies .....	4,740	-1,800	-715	-2,962	-2,645	-1,149	-1,082	1,965	5,259	6,253
Total ununmatured debt transactions payable in										
Canadian currency .....	23,770	29,182	22,913	28,454	20,906	30,490	29,064	28,891	25,975	20,770
<b>Cash in bank at end of year—</b>										
In Canadian currency .....	4,566	4,479	1,381	1,708	1,369	2,459	677	2,774	2,032	1,817
In foreign currencies .....	178	139	152	125	143	110	97	107	105	76
Total cash in bank .....	4,744	4,618	1,533	1,833	1,512	2,569	774	2,881	2,137	1,893

Source/requirement (–)

## National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

TABLE 2.8

GOVERNMENT OF CANADA  
NATIONAL ACCOUNTS PRESENTATION  
DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>National Accounts transactions<sup>(1)</sup></b>										
<b>Revenues—</b>										
Direct taxes—										
Persons .....	44,218	50,110	56,688	58,872	65,351	74,742	79,671	79,965	76,058	82,621
Corporations .....	11,418	10,357	11,968	12,503	12,409	11,215	10,220	10,103	10,132	12,492
Non-residents .....	1,192	1,448	1,418	1,808	1,421	1,589	1,617	1,493	1,685	1,665
Indirect taxes .....	56,828	61,915	70,074	73,183	79,181	87,546	91,508	91,561	87,875	96,778
Other current transfers from persons .....	18,708	21,812	24,254	26,362	29,348	26,271	30,963	30,556	30,619	30,444
Investment income .....	24	23	25	28	32	36	44	68	48	48
Capital consumption allowances .....	7,933	8,067	9,023	10,406	11,458	12,553	12,834	12,763	12,464	13,714
Capital consumption allowances .....	1,255	1,303	1,354	1,452	1,538	1,585	1,557	1,570	1,633	1,673
<b>Total revenues.....</b>	<b>84,748</b>	<b>93,120</b>	<b>104,730</b>	<b>111,431</b>	<b>121,557</b>	<b>127,991</b>	<b>136,906</b>	<b>136,518</b>	<b>132,639</b>	<b>142,657</b>
<b>Expenditures—</b>										
Current goods and services—										
Defence .....	9,203	9,505	10,226	10,618	11,069	11,736	11,682	11,879	11,890	11,929
Non-defence.....	14,115	14,600	14,803	15,612	17,460	18,724	20,190	20,435	20,909	20,746
Transfer payments to persons .....	23,318	24,105	25,029	26,230	28,529	30,460	31,872	32,314	32,799	32,675
Subsidies.....	31,809	33,570	34,799	36,419	38,916	43,907	51,364	54,187	56,566	54,887
Capital assistance .....	2,716	2,414	1,792	1,561	1,572	1,565	1,261	1,124	1,063	1,213
Current transfers to non-residents .....	5,206	5,405	6,347	5,583	4,907	5,350	7,067	4,883	4,258	4,440
Interest on the public debt .....	2,716	2,414	1,792	1,561	1,572	1,565	1,261	1,124	1,063	1,213
Transfers to provinces .....	1,537	1,904	2,262	2,471	2,954	2,332	2,722	2,711	2,312	2,281
Transfers to local governments .....	25,102	26,385	28,680	32,885	38,570	42,656	41,011	38,450	38,649	41,964
Gross capital formation .....	20,269	20,959	22,781	23,953	25,226	25,971	27,060	30,266	28,288	29,238
Transfers to local governments .....	488	523	653	702	885	913	875	1,118	1,331	1,194
Gross capital formation .....	2,175	1,944	1,897	2,219	2,251	2,253	2,376	2,525	2,737	2,703
<b>Total expenditures .....</b>	<b>112,620</b>	<b>117,209</b>	<b>124,240</b>	<b>132,023</b>	<b>143,810</b>	<b>155,407</b>	<b>165,608</b>	<b>167,578</b>	<b>168,003</b>	<b>170,595</b>
<b>Deficit.....</b>	<b>-27,872</b>	<b>-24,089</b>	<b>-19,510</b>	<b>-20,592</b>	<b>-22,253</b>	<b>-27,416</b>	<b>-28,702</b>	<b>-31,060</b>	<b>-35,364</b>	<b>-27,938</b>

<sup>(1)</sup> These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1995.



## Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditures. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenues in the Public Accounts are generally recorded on a cash basis with the exception of non-tax revenues. While the major portion of National Accounts revenues are accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's contributions to, and interest payments on, these accounts are included in expenditures. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenues in the National Accounts presentation, and pension payments form part of Government expenditures.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as budgetary expenditures in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditures. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenues and expenditures include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowances". This item is not a part of Public Accounts reporting. Both the Public Accounts and the National Accounts include the financial activities of the consolidated Crown corporations. However, the inclusions are not identical.

TABLE 2.9

GOVERNMENT OF CANADA  
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION  
(in millions of dollars)

	Year ended March 31									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
<b>Budgetary revenues—Public Accounts</b> .....	76,933	85,931	97,612	104,067	113,707	119,353	122,032	120,380	115,984	123,323
<b>Reconciling items—</b>										
Government pension receipts .....	6,070	6,548	7,176	7,756	8,523	9,441	10,926	11,133	11,767	12,468
Corporate income tax—Excess of accruals over collections .....	-138	-58	1,428	773	-612	-511	861	2,897	688	888
Capital consumption allowances .....	1,255	1,303	1,354	1,452	1,538	1,585	1,557	1,570	1,633	1,673
Petroleum compensation charge <sup>(1)</sup> .....	690				-1	3				
Non-tax revenues <sup>(2)</sup> .....	-989	-968	-1,260	-1,190	-1,315	-1,276	-1,291	-1,540	-1,492	-1,492
Deficits of Government business enterprises .....	-933	-938	-937	-907	-991	-849	-806	-792	-773	-550
Goods and services tax .....						1,198	2,620	3,114	2,852	2,526
Child tax credit <sup>(6)</sup> .....								1,312	5,240	5,286
Miscellaneous <sup>(3)</sup> .....	1,860	1,302	-643	-520	708	-953	1,007	-1,556	-3,260	-1,465
<b>Total revenues—National Accounts</b> .....	<b>84,748</b>	<b>93,120</b>	<b>104,730</b>	<b>111,431</b>	<b>121,557</b>	<b>127,991</b>	<b>136,906</b>	<b>136,518</b>	<b>132,639</b>	<b>142,657</b>
<b>Budgetary expenditures—Public Accounts</b> .....	111,528	116,673	125,406	132,840	142,637	151,353	156,389	161,401	157,996	160,785
<b>Reconciling items—</b>										
Government pension payments .....	1,285	1,437	1,600	1,801	1,978	2,073	2,489	3,782	4,052	4,155
Net expenditures of funds and agencies <sup>(4)</sup> .....	1,442	1,568	1,555	1,336	1,661	1,153	1,314	1,284	1,040	895
Capital consumption allowances .....	1,255	1,303	1,354	1,452	1,538	1,585	1,557	1,570	1,633	1,673
Petroleum compensation program <sup>(5)</sup> .....	1,133	6	60							
Non-tax revenues <sup>(2)</sup> .....	-989	-968	-1,260	-1,190	-1,315	-1,276	-1,291	-1,540	-1,492	-1,492
Deficits of Government business enterprises .....	-933	-938	-937	-907	-991	-849	-806	-792	-773	-550
Budgetary transfers to funds and agencies .....	-1,273	-1,213	-1,336	-1,335	-1,265	-1,063	-1,223	-1,069	-1,066	-1,547
Goods and services tax—Transfers and subsidies .....						725	3,176	2,574	2,698	2,884
Child tax benefits <sup>(6)</sup> .....								1,312	5,240	5,286
Miscellaneous <sup>(7)</sup> .....	-828	-659	-2,202	-1,974	-433	1,706	4,003	-944	-1,325	-1,494
<b>Total expenditures—National Accounts</b> .....	<b>112,620</b>	<b>117,209</b>	<b>124,240</b>	<b>132,023</b>	<b>143,810</b>	<b>155,407</b>	<b>165,608</b>	<b>167,578</b>	<b>168,003</b>	<b>170,595</b>

<sup>(1)</sup> In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditures. Gross revenues and payments are recorded in the National Accounts.

<sup>(2)</sup> Various items of non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenues in the Public accounts, are netted to expenditures in the National Accounts.

<sup>(3)</sup> Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenues in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

<sup>(4)</sup> In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

<sup>(5)</sup> This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

<sup>(6)</sup> In the Public Accounts, the child tax credit is netted against the personal income tax. In the National Accounts, the fiscal incidence is shown; the benefit is presented as a transfer to persons and its counterpart is included in the Revenues—Direct taxes—Persons.

<sup>(7)</sup> Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, the treatment of expenditures and for all items in the reconciliation in the supplementary accounting period after March 31.

# SECTION 3

1994-95

PUBLIC ACCOUNTS

## Revenues, Expenditures and Accumulated Deficit

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## REVENUES, EXPENDITURES AND ACCUMULATED DEFICIT

This section provides information on the revenues, expenditures and accumulated deficit of the Government as summarized in Table 3.1.

**TABLE 3.1**

### REVENUES, EXPENDITURES AND ACCUMULATED DEFICIT (in millions of dollars)

	1994-95		1993-94	
	Gross	Net	Gross	Net
<b>Revenues—</b>				
Tax revenues .....	124,471	115,719	117,073	107,332
Non-tax revenues .....	10,608	7,604	11,297	8,652
<b>Total revenues, Table 3.2 .....</b>	<b>135,079</b>	<b>123,323</b>	<b>128,370</b>	<b>115,984</b>
<b>Expenditures—</b>				
Transfer payments .....	90,203	82,040	92,579	83,368
Crown corporation expenditures .....	5,741	5,003	5,913	5,298
Other program expenditures .....	34,551	31,696	33,908	31,348
<b>Total program expenditures .....</b>	<b>130,495</b>	<b>118,739</b>	<b>132,400</b>	<b>120,014</b>
Public debt charges .....	42,046	42,046	37,982	37,982
<b>Total expenditures, Table 3.6 .....</b>	<b>172,541</b>	<b>160,785</b>	<b>170,382</b>	<b>157,996</b>
<b>Deficit for the year .....</b>	<b>37,462</b>	<b>37,462</b>	<b>42,012</b>	<b>42,012</b>
<b>Accumulated deficit, beginning of year .....</b>	<b>508,210</b>	<b>508,210</b>	<b>466,198</b>	<b>466,198</b>
<b>Accumulated deficit, end of year, Table 3.12 .....</b>	<b>545,672</b>	<b>545,672</b>	<b>508,210</b>	<b>508,210</b>

## REVENUES

Revenues consist of all tax and non-tax amounts which enter into the calculation of the annual surplus or deficit of the Government.

### Accounting for Revenues

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. The Government generally reports tax revenues in the period in which they are received. Refunds of tax revenues are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. However, cases of tax refunds that are significant and were under appeal to the Federal Court of Canada or the Supreme Court of Canada and where all such appeals have been exhausted or are not expected to be pursued, are reported on an accrual basis. The Goods and Services Tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Tax revenues for a fiscal year include receipts credited to the Receiver General for Canada by the Bank of Canada and the chartered banks by March 31st and amounts received in federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenues also include amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

Although a taxpayer's income tax liability relates to a taxation year, collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, the GST and other excise taxes and duties are received on a regular basis throughout the year.

Non-tax revenues are reported on an accrual basis.

Table 3.2 presents revenues from outside parties by main classification on both a gross and net basis. "Gross revenues" report all revenues received from outside parties including:

- revenues credited to appropriations where, as authorized by Parliament, certain revenues which are associated with the recovery of certain costs are credited to program spending. In such cases, Parliament votes such funds net of authorized revenues;
- tax credits and repayments where certain tax credits are related to expenditures but are determined through the income tax or fiscal arrangements processes; and
- revenues of consolidated Crown corporations where, for reporting in the annual financial statements, the financial transactions of certain Crown corporations are included with those of the Government.

"Net revenues" exclude the above three categories.

Chart 3A presents total net revenues by main classification for the current fiscal year while Chart 3B compares total net revenues for the last ten fiscal years.



TABLE 3.2

## REVENUES FROM OUTSIDE PARTIES BY MAIN CLASSIFICATION

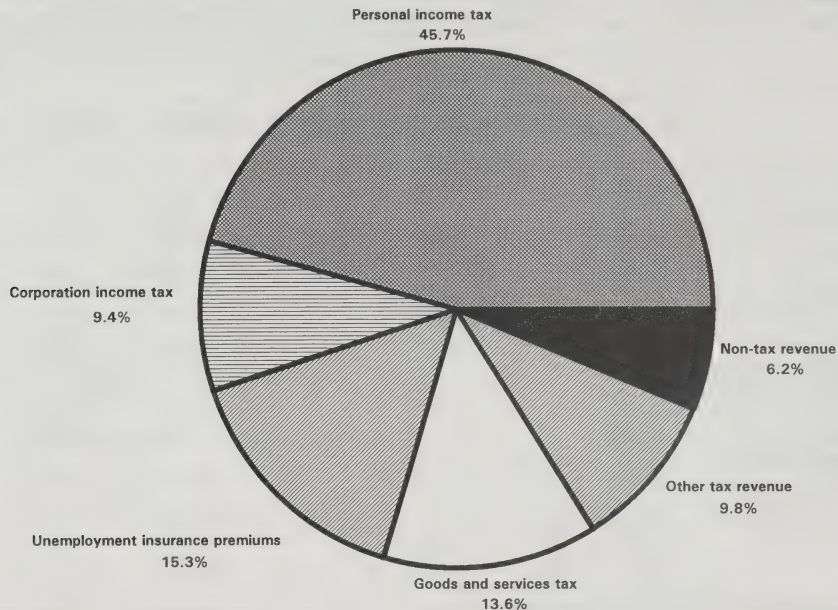
(in millions of dollars)

	1994-95					1993-94	
	Gross revenues <sup>(1)</sup>	Revenues credited to appropriations	Tax credits and repayments	Consolidated Crown corporations <sup>(3)</sup>	Net revenues <sup>(1)</sup>	Gross revenues <sup>(1)</sup>	Net revenues <sup>(1)</sup>
<b>Tax revenues—</b>							
Income tax—							
Personal .....	61,676		5,347		56,329	57,953	51,427
Corporation .....	11,604				11,604	9,444	9,444
Other income tax revenues .....	1,769				1,769	1,593	1,593
	<b>75,049</b>		<b>5,347</b>		<b>69,702</b>	<b>68,990</b>	<b>62,464</b>
Unemployment insurance premiums .....	<b>18,928</b>				<b>18,928</b>	<b>18,233</b>	<b>18,233</b>
<b>Excise taxes and duties—</b>							
Goods and services tax, Table 3.4 ..	19,602		2,816		16,786	18,381	15,696
Energy taxes —							
Excise tax—Gasoline .....	3,404				3,404	3,344	3,344
Petroleum and gas revenue tax ..						-29	-29
Excise tax—Aviation gas and diesel fuel .....	420				420	325	325
	<b>3,824</b>				<b>3,824</b>	<b>3,640</b>	<b>3,640</b>
Customs import duties .....	3,575				3,575	3,652	3,652
Other excise taxes and duties—							
Excise duties .....	2,335				2,335	1,873	1,873
Miscellaneous excise taxes and duties .....	1,158	589			569	2,304	1,774
	<b>3,493</b>	<b>589</b>	<b>2,816</b>		<b>2,904</b>	<b>4,177</b>	<b>3,647</b>
	<b>30,494</b>	<b>589</b>			<b>27,089</b>	<b>29,850</b>	<b>26,635</b>
<b>Total tax revenues .....</b>	<b>124,471</b>	<b>589</b>	<b>8,163</b>		<b>115,719</b>	<b>117,073</b>	<b>107,332</b>
<b>Non-tax revenues—</b>							
Return on investments, Table 3.5 ....	<b>5,078</b>	<b>36</b>		<b>21</b>	<b>5,021</b>	<b>6,187</b>	<b>6,142</b>
Other non-tax revenues—							
Privileges, licences and permits ....	662	182			480	600	439
Refunds of previous years' expenditures .....	525				525	509	509
Services and service fees .....	1,748	1,415			333	1,654	312
Proceeds from sales .....	301	216			85	340	144
Proceeds from the disposal of surplus Crown assets .....	31				31		
Domestic coinage .....	106				106	90	90
Premium and discount on exchange .....	39	3			36	147	144
Miscellaneous non-tax revenues ....	2,118	414		717	987	1,770	872
	<b>5,530</b>	<b>2,230</b>		<b>717</b>	<b>2,583</b>	<b>5,110</b>	<b>2,510</b>
<b>Total non-tax revenues .....</b>	<b>10,608</b>	<b>2,266</b>		<b>738</b>	<b>7,604</b>	<b>11,297</b>	<b>8,652</b>
<b>Total revenues<sup>(2)</sup> .....</b>	<b>135,079</b>	<b>2,855</b>	<b>8,163</b>	<b>738</b>	<b>123,323</b>	<b>128,370</b>	<b>115,984</b>

<sup>(1)</sup> Reflected on the Statement of Revenues and Expenditures in Section 1 of this volume.<sup>(2)</sup> Additional details are provided in Table 4a in Section 1 of Volume II (Part I).<sup>(3)</sup> Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

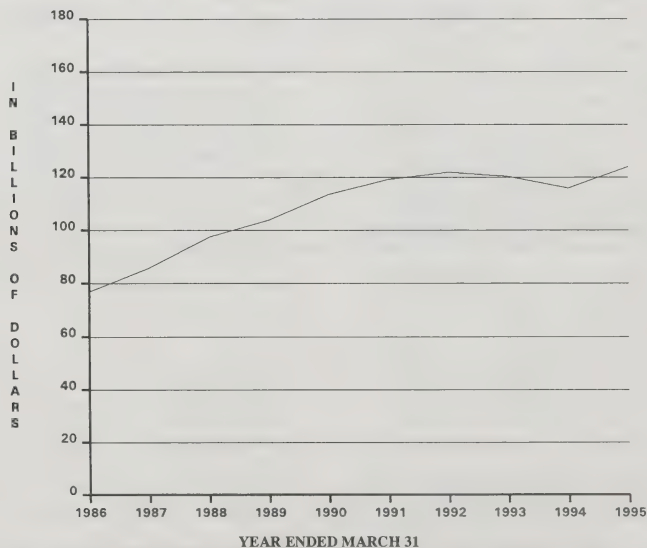
**CHART 3A**

**TOTAL NET REVENUES BY MAIN CLASSIFICATION FOR 1994-95**



**CHART 3B**

**TOTAL NET REVENUES**



On a day-to-day basis, organizations within the Government transact with each other and thus contribute to gross amounts of revenues and expenditures. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.3 provides details of internal revenue transactions and shows the total of revenues from both internal and external sources. The total gross revenues of \$139,705 million include

the total revenues from all sources. Revenues of consolidated Crown corporations, revenues credited to appropriations and tax credits and repayments are deducted to arrive at net total revenues of \$123,482 million from all sources. The interdepartmental revenues of \$159 million are deducted from the net total revenues to report the net revenues from outside parties of \$123,323 million which are detailed in Table 4a in Section 1 of Volume II (Part I).

**TABLE 3.3****REVENUES FROM ALL SOURCES**

(in millions of dollars)

	Gross revenues	Less revenues of consolidated Crown corporations	Less revenues credited to appropriations		Less tax credits and repayments	Net revenues
			From outside parties	Internal to the Government		
Transactions with outside parties .....	135,079	738	2,855		8,163	123,323
Internal transactions by main classification—						
Excise taxes and duties .....	2					2
Return on investments .....	4					4
Privileges, licences and permits .....	4					4
Refunds of previous years' expenditures .....	79					79
Services and service fees .....	4,092			4,077		15
Proceeds from sales .....	278			278		
Proceeds from the disposal of surplus						
Crown assets .....	12					12
Miscellaneous non-tax revenues .....	155			112		43
Total internal transactions .....	4,626			4,467		159
Total revenues .....	139,705	738	2,855	4,467	8,163	123,482

**Tax Revenues**

Tax revenues include personal and corporation income taxes, other income tax revenues, unemployment insurance premiums, and excise taxes and duties.

**Personal income tax**

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*. Personal income tax is the largest source of revenues.

**Corporation income tax**

Corporation income tax is levied on corporation income under the provisions of the *Income Tax Act*.

**Other income tax revenues**

Other income tax revenues include the non-resident income tax and other tax revenues.

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*.

*Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Other tax revenues are comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

**Unemployment insurance premiums**

Premiums from employees and employers are levied under the provisions of the *Unemployment Insurance Act* and are classified as part of revenues.

**Excise taxes and duties**

Excise taxes and duties are collected under the *Excise Tax Act* and *Customs Tariff*. Excise taxes and duties include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

*Goods and services tax*

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 7 percent on most goods and services consumed in Canada, with the exception of

basic groceries, most health and dental care services, most educational services, and residential rents. A comparative analysis of the GST is presented in Table 3.4.

**TABLE 3.4**
**GOODS AND SERVICES TAX (GST)<sup>(1)</sup>**  
 (in thousands of dollars)

	1994-95	1993-94
GST collected (National Revenue—Customs and Excise) .....	36,660,679	32,596,285
Add: GST collected by ministries on goods and services sold to outside parties:		
Agriculture and Agri-Food .....	4,380	3,791
Atlantic Canada Opportunities Agency .....	4	14
Canadian Heritage .....	3,055	2,506
Citizenship and Immigration .....	10	16
Environment .....	444	759
Finance .....	59	32
Fisheries and Oceans .....	775	757
Foreign Affairs and International Trade .....	2	2
Governor General .....	4	4
Health .....	20	85
Human Resources Development .....	116	142
Indian Affairs and Northern Development .....	296	217
Industry .....	2,880	3,611
Justice .....	10	14
National Defence .....	766	862
National Revenue—Taxation .....	154	138
Natural Resources .....	891	691
Parliament .....	14	14
Privy Council .....	59	19
Public Works and Government Services .....	15,433	16,752
Solicitor General .....	1,032	1,015
Transport .....	23,613	23,813
Treasury Board .....	629	590
Veterans Affairs .....	37	35
Western Economic Diversification .....	1	6
	54,684	55,885
Total GST collected .....	36,715,363	32,652,170
Less: remission order for the GST paid by ministries on or for goods and services purchased from outside parties (National Revenue—Customs and Excise) .....	878,762	933,095
refunds paid (National Revenue—Customs and Excise) .....	14,787,437	11,921,362
rebates paid (National Revenue—Customs and Excise) .....	1,447,419	1,416,572
Gross GST collected from outside parties .....	19,601,745	18,381,141
Less: quarterly tax credits paid (National Revenue—Taxation) .....	2,815,612	2,685,232
Net GST collected from outside parties .....	16,786,133	15,695,909

<sup>(1)</sup> Reported in: —Note 3 to the audited financial statements (Section 1 of this volume).  
 —Statement of Transactions of the Debt Servicing and Reduction Account (Section 1 of this volume).  
 —Statement of revenues in each ministerial section (Volume II-Part I).

*Energy taxes*

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

*Customs import duties*

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff*.

*Other excise taxes and duties*

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as jewellery and passenger vehicle air conditioners.



## Non-Tax Revenues

Non-tax revenues include return on investments and other non-tax revenues.

## Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses. A comparative analysis of return on investments is presented in Table 3.5.

**TABLE 3.5**

### RETURN ON INVESTMENTS<sup>(1)</sup> (in millions of dollars)

	1994-95	1993-94
Consolidated accounts—		
Agricultural Commodities Stabilization Accounts .....	6	8
Unemployment Insurance Account .....	424	450 <sup>(4)</sup>
Other .....		3
	430	461
Cash in bank—		
Interest on bank deposits .....	155	128
Foreign exchange accounts—		
Exchange Fund Account .....	1,905	2,634
International Monetary Fund—Subscriptions .....	27	36
	1,932	2,670
Loans, investments and advances—		
Enterprise Crown corporations—		
Canada Deposit Insurance Corporation .....	186	189
Canada Development Investment Corporation .....	10	
Canada Mortgage and Housing Corporation .....	706	719
Canadian National Railway System .....	8	10
Farm Credit Corporation .....	199	211
Other—		
Bank of Canada .....	1,571 <sup>(2)</sup>	1,452 <sup>(2)</sup>
Miscellaneous .....	33	119
	2,713	2,700
Joint and mixed enterprises .....	24	29
National governments including developing countries .....	75	61
International organizations .....	17	10
Provincial and territorial governments .....	26	28
Other loans, investments and advances .....	13	14
	2,868	2,842
Other accounts—		
Interest on investment re: military purchases .....		8
Esso Ltd—Norman Wells Project profits .....	30	30
Other .....	15	18
	45	56
Total ministerial net return on investments .....	5,430	6,158
Exchange Fund Account adjustment <sup>(3)</sup> .....	-89	282
Accrual of non-tax revenues .....	114	168
Consolidated specified purpose accounts .....	-430	-458
Total net return on investments .....	5,025	6,150
Return on investments internal to the Government .....	-4	-8
Total net return on investments from outside parties .....	5,021	6,142
Revenues credited to appropriations from outside parties .....	36	37
Consolidated Crown corporations .....	21	8
Total gross return on investments from outside parties .....	5,078	6,187

<sup>(1)</sup> Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

<sup>(2)</sup> On an accrual basis, the revenues are as follows: \$1,899 million for 1994-95 and \$1,769 million for 1993-94.

<sup>(3)</sup> Adjustment to recognize the net income for the 12 months period ending March 31.

<sup>(4)</sup> Represents interest received from the Queen Quay West Land Corporation which is a consolidated Crown corporation but not a consolidated specified purpose account.

## Other non-tax revenues

Other non-tax revenues are comprised of proceeds from the sale of surplus Crown assets and current goods and services, refunds of previous years' expenditures, service fees, privi-

leges, licences and permits, domestic coinage, and miscellaneous non-tax revenues. Details are reported by individual ministry in Volume II (Part I) of the *Public Accounts*.

## EXPENDITURES

Expenditures consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

## Accounting for Expenditures

Expenditures for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenditures when paid or when the recipient has fulfilled the terms of a contractual transfer agreement. Capital leases are recorded as expenditures over the lease term

as payments are made. Expenditures include allowances for any changes in the value of any assets, or to reflect liabilities at their economic value.

Table 3.6 presents expenditures with outside parties by type on both a gross and a net basis. The difference between gross and net expenditures is revenues credited to appropriations, revenues of consolidated Crown corporations credited to expenditures, tax revenue items related to expenditures and included in revenues, and recovery of tax revenues credited to expenditures.

**TABLE 3.6**  
**EXPENDITURES WITH OUTSIDE PARTIES BY TYPE**  
(in millions of dollars)

	1994-95					1993-94	
	Gross expenditures <sup>(1)</sup>	Revenues credited to appropriations	Tax credits and repayments	Consolidated Crown corporations <sup>(2)</sup>	Net expenditures <sup>(1)</sup>	Gross expenditures <sup>(1)</sup>	Net expenditures <sup>(1)</sup>
Transfer payments —							
Old age security benefits, guaranteed income supplements and spouses' allowances .....	20,143		-368		20,511	19,578	19,903
Unemployment insurance benefits .....	14,815				14,815	17,626	17,626
Fiscal arrangements .....	8,067		393		7,674	9,427	9,045
Insurance and medical care .....	7,691				7,691	7,232	7,232
Canada Assistance Plan .....	7,266				7,266	7,236	7,236
Education support .....	2,486				2,486	2,378	2,378
Child tax benefits .....	5,322		5,322			6,476	7
	65,790		5,347		60,443	69,953	63,427
Other transfer payments —							
Agriculture and Agri-Food .....	1,355				1,355	1,429	1,429
Finance .....	1,254				1,254	622	622
Foreign Affairs and International Trade ..	2,544				2,544	2,380	2,380
Human Resources Development .....	2,477				2,477	2,212	2,212
Indian Affairs and Northern Development .....	4,614				4,614	4,218	4,218
Industry .....	1,469				1,469	1,273	1,273
Transport .....	1,119				1,119	1,078	1,078
Veterans Affairs .....	1,445				1,445	1,444	1,444
Other .....	8,136		2,816		5,320	10,149	5,285
	24,413		2,816		21,597	22,626	19,941
Total transfer payments .....	90,203		8,163		82,040	92,579	83,368
Crown corporation expenditures .....	5,741			738	5,003	5,913	5,298
Other program expenditures—							
Canadian Heritage .....	910	65			845	914	904
Foreign Affairs and International Trade ..	1,225	49			1,176	1,088	1,042
Health .....	1,182	18			1,164	1,102	1,006
Industry .....	1,522	102			1,420	1,596	1,549
National Defence .....	11,063	370			10,693	11,598	11,282
National Revenue .....	2,098	56			2,042	2,301	2,248
Natural Resources .....	1,149	10			1,139	670	670
Public Works and Government Services ..	2,028	295			1,733	2,185	1,855
Solicitor General .....	3,209	683			2,526	3,187	2,528
Transport .....	2,324	964			1,360	2,268	1,378
Other .....	7,841	243			7,598	6,999	6,886
Total other program expenditures .....	34,551	2,855			31,696	33,908	31,348
Total program expenditures .....	130,495	2,855	8,163	738	118,739	132,400	120,014
Public debt charges, Table 3.9 .....	42,046				42,046	37,982	37,982
Total expenditures <sup>(3)</sup> .....	172,541	2,855	8,163	738	160,785	170,382	157,996

<sup>(1)</sup> Reflected on the Statement of Revenues and Expenditures in Section 1 of this volume.

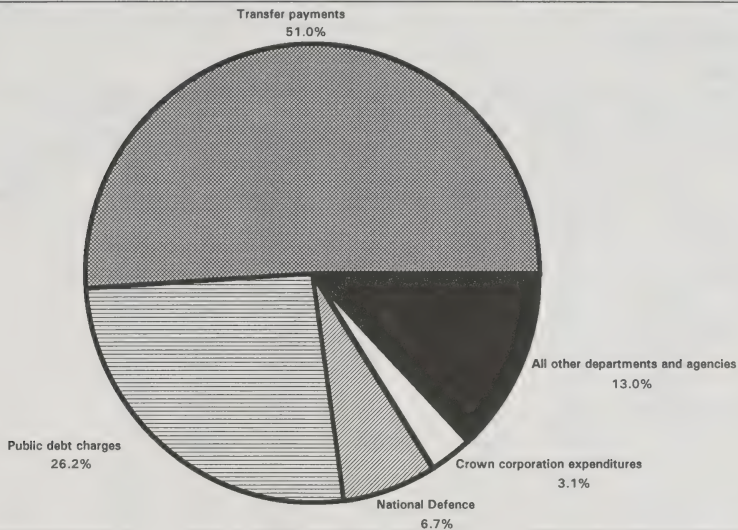
<sup>(2)</sup> Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

<sup>(3)</sup> Additional information is provided in Table 2a in Section 1 of Volume II (Part I).

Chart 3C presents total net expenditures by type for the current fiscal year, while Chart 3D compares total net expenditures for the last ten fiscal years.

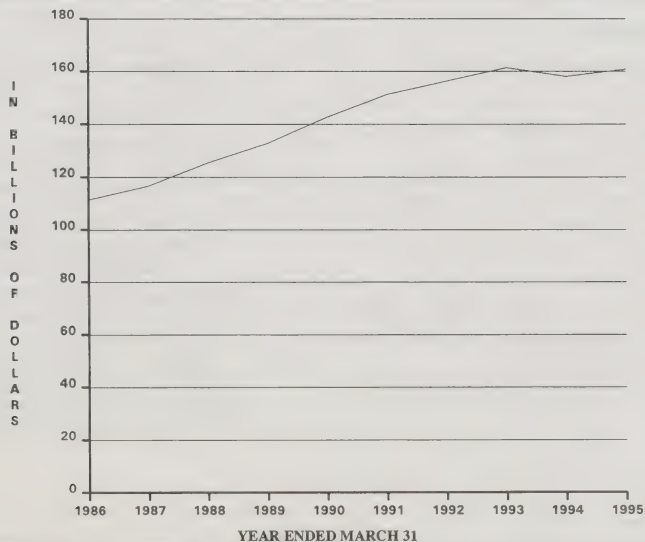
### CHART 3C

#### TOTAL NET EXPENDITURES BY TYPE FOR 1994-95



### CHART 3D

#### TOTAL NET EXPENDITURES



On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenditures recorded in the accounts. In preparing the financial statements, these "internal transac-

tions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.7 provides details of internal expenditure transactions and shows the total of expenditures transacted by the Government with all sources.

**TABLE 3.7**  
**EXPENDITURES BY SOURCE**  
(in millions of dollars)

	Gross expenditures	Less tax credits and repayments	Less revenues of consolidated Crown corporations	Less revenues credited to appropriations		Net expenditures
				From outside parties	Internal to the Government	
Transactions with outside parties .....	172,541	8,163	738	2,855		160,785
Internal transactions —						
Agriculture and Agri-Food .....	62					62
Canadian Heritage .....	18				17	1
Environment .....	36				33	3
Foreign Affairs and International Trade .....	8				1	7
Health .....	4					4
Industry .....	39				31	8
National Defence .....	15				10	5
National Revenue .....	189				46	143
Public Works and Government Services .....	4,163				4,123	40
Solicitor General .....	103				93	10
Transport .....	-90				38	-128
Other .....	79				75	4
Total internal transactions .....	4,626				4,467	159
Total expenditures .....	177,167	8,163	738	2,855	4,467	160,944

## Government Spending

Government spending consists of four major types:

- transfer payments;
- Crown corporation expenditures;
- other program expenditures; and,
- public debt charges.

### Transfer payments

Transfer payments include:

- payments to persons for income support or income supplement. Assistance is based on age, family status, income, and employment criteria;
- payments to provinces and territories under three main programs:

- Established Program Financing: financial assistance in respect of health care services and post-secondary education;

- Fiscal arrangements: unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and,

- Canada Assistance Plan: federal Government share in the cost of social assistance programs administered by provinces;

- other transfer payments, including various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, and other miscellaneous payments.



Table 3.8 presents a comparative analysis by province of certain transfer payments.

**TABLE 3.8**  
**CERTAIN TRANSFER PAYMENTS BY PROVINCE**  
(in millions of dollars)

	Old age security benefits <sup>(1)</sup>	Unemployment insurance benefits	Fiscal arrangements	Insurance and medical care		Canada Assistance Plan	Education support	Child tax benefits	Total
				Extended health care	Insured health				
Newfoundland .....	441	747	992	30	146	199	62		2,617
	435	904	938	29	141	174	60		2,681
Prince Edward Island .....	119	186	209	7	34	36	14		605
	117	211	161	7	31	37	13		577
Nova Scotia .....	767	755	1,183	48	234	264	99		3,350
	757	830	870	47	221	264	93		3,082
New Brunswick .....	622	804	914	39	190	203	81		2,853
	613	878	812	38	180	209	76		2,806
Quebec .....	5,405	4,647	3,444	372	1,042	2,031	375		17,316
	5,236	5,372	3,438	366	985	2,014	376	1	17,788
Ontario .....	7,110	4,198	248	561	2,402	2,577	1,001		18,097
	6,892	5,208	235	542	2,317	2,521	964	4	18,683
Manitoba .....	925	404	1,099	59	284	332	120		3,223
	908	475	840	57	268	307	113		2,968
Saskatchewan .....	903	308	537	52	254	237	108		2,399
	885	376	470	51	240	227	101		2,350
Alberta .....	1,506	1,070	163	140	609	479	260		4,227
	1,445	1,240	177	135	614	588	258	1	4,458
British Columbia .....	2,549	1,764	31	189	848	882	357		6,620
	2,467	2,019	5	179	760	840	316	1	6,587
Total provinces .....	20,347	14,883	8,820	1,497	6,043	7,240	2,477		61,307
	19,755	17,513	7,946	1,451	5,757	7,181	2,370	7	61,980
Northwest Territories .....	15	32	1	3	14	29	6		100
	14	38	1	3	13	28	5		102
Yukon Territory .....	8	30		2	7	11	3		61
	8	42	1	2	6	10	3		72
International .....	141	3							144
	126	4							130
Sub-total .....	20,511	14,948	8,821	1,502	6,064	7,280	2,486		61,612
	19,903	17,597	7,948	1,456	5,776	7,219	2,378	7	62,284
Provision for valuation .....		-133	-1,147		125	-14			-1,169
		29	1,097			17			1,143
Total (Net) .....	20,511	14,815	7,674	1,502	6,189	7,266	2,486		60,443
	19,903	17,626	9,045	1,456	5,776	7,236	2,378	7	63,427
Add tax credits and repayments .....	-368		393					5,322	5,347
	-325		382					6,469	6,526
Total (Gross) .....	20,143	14,815	8,067	1,502	6,189	7,266	2,486	5,322	65,790
	19,578	17,626	9,427	1,456	5,776	7,236	2,378	6,476	69,953

Amounts in roman type are 1994-95 transfer payments.

Amounts in *italic* type are 1993-94 transfer payments.

<sup>(1)</sup> Includes guaranteed income supplements and spouses' allowances.

## Crown corporation expenditures

Crown corporation expenditures include the net expenditures (expenditures less revenues) of consolidated Crown corporations and the expenditures related to enterprise Crown corporations.

## Other program expenditures

Other program expenditures include defence spending, as well as Government administration and specific services delivered to the public. This spending covers the operating and capital cost associated with programs directly delivered by the federal Government such as food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system, to name just a few.

## Public debt charges

Public debt charges include the interest on unmatured debt and on pension and other accounts, the amortization of premiums, discounts and commissions on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.9. The table also discloses the reconciling item between total public debt charges as reported in the Finance ministerial section (Section 7) of Volume II (Part I) and the total net expenditures of the public debt indicated in Table 3.6. The reconciling item includes the expenditures of the consolidated specified purpose accounts.

**TABLE 3.9**  
**PUBLIC DEBT CHARGES<sup>(1)</sup>**  
(in millions of dollars)

	1994-95	1993-94
Unmatured debt—		
Interest on:		
Marketable bonds .....	19,200	17,267
Canada savings bonds .....	2,014	1,874
Bonds for Canada Pension Plan .....	359	369
	<i>21,573</i>	<i>19,510</i>
Amortization of premiums, discounts and commissions on:		
Treasury bills .....	9,343	8,489
Marketable bonds .....	337	156
Canada bills .....	342	140
Canada savings bonds .....	56	58
	<i>10,078</i>	<i>8,843</i>
Servicing costs and costs of issuing new borrowings .....	78	43
Total public debt charges related to unmatured debt .....	<i>31,729</i>	<i>28,396</i>
Interest on:		
Pension and other accounts—		
Public sector pensions—Superannuation accounts .....	9,699	9,094
Canada Pension Plan .....	237	170
Government Annuities Account .....	48	51
Deposit and trust accounts .....	95	79
Other specified purpose accounts .....	155	139
	<i>10,234</i>	<i>9,533</i>
Other accounts .....	83	53
Total public debt charges related to pension and other accounts .....	<i>10,317</i>	<i>9,586</i>
Interest on consolidated specified purpose accounts—		
Unemployment Insurance Account .....	17	6
Agricultural Commodities Stabilization Accounts .....	6	8
Other .....	19	13
Total public debt charges related to consolidated specified purpose accounts .....	<i>42</i>	<i>27</i>
Total public debt charges <sup>(2)</sup> .....	<i>42,088</i>	<i>38,009</i>
Less: total public debt charges related to consolidated specified purpose accounts .....	<i>42</i>	<i>27</i>
Total net/gross public debt charges with outside parties .....	<i>42,046</i>	<i>37,982</i>

<sup>(1)</sup> Additional details are provided in Table 2a in Section 1 of Volume II (Part I).

<sup>(2)</sup> Additional details are provided in Section 9 of Volume II (Part II).

## Expenditures by Standard Object

Table 3.10 presents total expenditures by standard object on both a gross and net basis for the current fiscal year.

**TABLE 3.10**

### TOTAL EXPENDITURES BY STANDARD OBJECT

(in millions of dollars)

	Total expenditures	Less:		Total expenditures with outside parties
		Internal expenditures	Internal expenditures credited to appropriations	
Personnel .....	19,159		4	19,155
Transportation and communications .....	2,107	10	271	1,826
Information .....	438	8	226	204
Professional and special services .....	4,255	37	1,049	3,169
Rentals .....	1,918	29	828	1,061
Purchased repair and maintenance .....	1,754	12	345	1,397
Utilities, materials and supplies .....	2,693	9	254	2,430
Construction and/or acquisition of land, buildings and works .....	1,608	24	666	918
Construction and/or acquisition of machinery and equipment .....	3,506	1	39	3,466
Transfer payments .....	90,203			90,203
Public debt charges .....	42,046			42,046
Other subsidies and payments .....	7,480	29	785	6,666
Total gross expenditures .....	177,167	159	4,467	172,541
Add:				
Unemployment Insurance Account .....	1,285		1,285	
Expenditures internal to the Government .....		159		-159
Less:				
Revenues credited to appropriations—				
From outside parties .....	2,855			2,855
Internal to the Government .....	5,752	159	5,752	-159
Revenues of consolidated Crown corporations .....	738			738
Tax credits and repayments .....	8,163			8,163
	-16,223		-4,467	-11,756
Total net expenditures .....	160,944	159		160,785

## Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time as the acts prescribe. These spending authorities do not generally lapse at the end of the year in which they were granted. Expenditures under such authorities account for more than two-thirds of the total net expenditures each year.

Table 3.11 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items

between total ministerial expenditures under statutory authorities and total net statutory expenditures. The reconciling items include the statutory expenditures of the consolidated specified purpose accounts and the provision for valuation. Revenues credited to appropriations from outside parties have been added to the total net statutory expenditures to obtain the total gross statutory expenditures with outside parties.

**TABLE 3.11**  
**EXPENDITURES UNDER STATUTORY AUTHORITIES**  
(in millions of dollars)

	1994-95	1993-94
Public debt charges .....	42,088	38,009
Old age security payments .....	15,478	15,027
Fiscal equalization ( <i>Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act—Part I</i> ) .....	8,543	7,756
Payments for insured health services and extended health care services .....	7,566	7,232
Canada Assistance Plan payments .....	7,279	7,219
Guaranteed income supplement payments .....	4,604	4,446
Post-secondary education payments to provinces and territories .....	2,486	2,378
Payments to railway companies under the <i>Western Grain Transportation Act</i> .....	644	633
Spouse's allowance payments .....	429	429
Interest payments, liabilities under the <i>Canada Student Loans Act</i> .....	529	521
Payments (encashment of notes) to the International Development Association ( <i>Bretton Woods and Related Agreements Act</i> and previous years' Appropriation Acts) .....	461	298
Fiscal stabilization ( <i>Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act—Part II</i> ) .....	378	297
Grants to municipalities and other taxing authorities .....	408	426
Payments in connection with the <i>Farm Income Protection Act—Gross Revenue Insurance Program</i> .....	400	467
Superannuation, supplementary retirement benefits, death benefits and other pensions— <sup>(1)</sup>		
Public Service—		
Government's matching contribution to the Public Service Superannuation Account .....	883	850
Government's contribution as employer to the Unemployment Insurance Account .....	340	344
Government's matching contribution to the Canada and the Quebec Pension Plans .....	170	185
Government's matching contribution to the death benefit account .....	7	7
	1,400	1,386
Less: recoveries from revolving funds .....	69	65
	1,331	1,321
Canadian Forces—		
Government's matching contribution to the Canadian Forces Superannuation Account .....	437	435
Statutory payments under the <i>Supplementary Retirement Benefits Act</i> .....	13	18
Government's contribution as employer to the Unemployment Insurance Account .....	115	113
Government's matching contribution to the Canada and the Quebec Pension Plans .....	63	61
Government's matching contribution to the death benefit account .....	2	2
	630	629
Royal Canadian Mounted Police—		
Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account .....	126	126
Statutory payments under the <i>Supplementary Retirement Benefits Act</i> .....	21	21
Government's contribution as employer to the Unemployment Insurance Account .....	31	27
Government's matching contribution to the Canada and the Quebec Pension Plans .....	17	19
	195	193
All other statutory expenditures .....	1,971	1,664
Total ministerial expenditures under statutory authorities <sup>(2)</sup> .....	95,420	88,945
Consolidated specified purpose accounts—		
Unemployment Insurance Account .....	15,728	18,417
Western Grain Stabilization Account .....	-1	-8
Crop Reinsurance Fund .....	1	51
Agricultural Commodities Stabilization Accounts .....	119	62
Other .....	-5	-45
Total expenditures of consolidated specified purpose accounts .....	15,842	18,477
Provision for valuation .....	14	2,689
Total net statutory expenditures with outside parties .....	111,276	110,111
Revenues credited to appropriations from outside parties .....	438	454
Total gross statutory expenditures with outside parties .....	111,714	110,565

<sup>(1)</sup> Details related to other pension accounts such as the Members of Parliament Retiring Allowances Account are not included.

<sup>(2)</sup> Additional details are provided in Table 7 in Section 1 of Volume II (Part I).



## ACCUMULATED DEFICIT

The accumulated deficit account represents the net accumulation of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account reflecting changes in accounting policies introduced over the years. The accumulated deficit is equal to the excess of recorded liabilities over total assets.

A Statement of Accumulated Deficit is published in Section 1 of this volume.

Table 3.12 presents a ten year comparative statement of the accumulated deficit, in terms of total liabilities and total assets. Chart 3E presents the accumulated deficit for the last ten fiscal years.

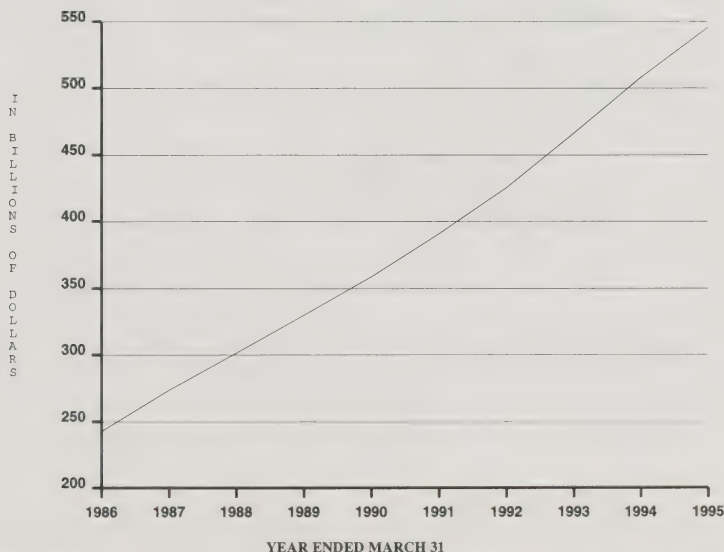
**TABLE 3.12**

### STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL ASSETS

(in millions of dollars)

As at March 31	Total liabilities	Less total assets	Accumulated deficit	
			Amount	Increase
1995 .....	582,863	37,191	545,672	37,462
1994 .....	544,106	35,896	508,210	42,012
1993 .....	501,572	35,374	466,198	41,021
1992 .....	465,124	39,947	425,177	34,357
1991 .....	431,276	40,456	390,820	32,000
1990 .....	395,335	36,515	358,820	28,930
1989 .....	369,634	39,744	329,890	28,773
1988 .....	338,252	37,135	301,117	27,794
1987 .....	307,108	33,785	273,323	30,742
1986 .....	273,277	30,696	242,581	34,595

**CHART 3E**  
ACCUMULATED DEFICIT





# SECTION 4

1994-95

## PUBLIC ACCOUNTS

### Consolidated Accounts

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## CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations. Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue.

Consolidation involves the combination of the accounts of these corporations on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

### Summary Financial Statements of Consolidated Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations.

Financial assets include cash, receivables, loans and investments. Financial assets are segregated between third parties and Government and Crown corporations. The financial assets reported under Government and Crown corporations represent receivables and, loans and investments between related parties. Physical assets and deferred charges are assets such as property, plant and equipment and inventories that are accounted for under generally accepted accounting principles by most corporations which differs from those of the Government. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government and Crown corporations. Borrowings from third parties represent long-term debts payable of the corporations. Other third party liabilities are amounts due for purchases, employee benefits, various accruals, capital leases and like items. The liabilities reported under Government and Crown corporations represent payables and borrowings between related parties.

Revenues are the inflow of cash, receivables and other consideration arising in the course of ordinary activities of a corporation, normally the sale of goods, the rendering of services and the use by others of enterprise resources yielding interest, royalties and dividends. Revenues are segregated between third parties and Government and Crown corporations. Government and Crown corporations' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are the outflow or reduction of assets or incurrence of liabilities resulting from a corporation's ordinary revenue generating or service delivery activities. Expenses are segregated between third parties and Government and Crown corporations. Revenues and expenses are used to determine the net income or loss of the Crown corporation. Equity transactions other than current year's net income or loss are segregated between adjustments and transactions with the Government. Adjustments include prior period adjustments and other items affecting equity as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting.

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1995. Contingent liabilities of consolidated corporations are presented in Table 4.4.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1995 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

TABLE 4.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS — ASSETS AND LIABILITIES  
FOR THE YEAR ENDED MARCH 31, 1995  
(in thousands of dollars)

	Assets			
	Financial		Physical assets and deferred charges	Total assets
	Third parties	Government and Crown corporations		
Crown corporations <sup>(1)</sup>				
Canada Council . . . . .	108,208	28,052	22,542	158,802
Canada Lands Company Limited				
Canada Lands Company Vieux-Port de Québec Inc. <sup>(2)</sup> . . . . .	494			494
Old Port of Montreal Corporation Inc. . . . .	1,475		574	2,049
Canada Museums Construction Corporation Inc. <sup>(3)</sup> . . . . .	2,140			2,140
Canada Mortgage and Housing Corporation				
Minister's Account . . . . .				
Canadian Broadcasting Corporation . . . . .	111,211	51,704	1,450,045	1,612,960
Canadian Dairy Commission				
Dairy Support Operation Financed by the Government of Canada . . . . .				
Canadian Film Development Corporation . . . . .	10,268	34,937	3,841	49,046
Canadian Museum of Civilization . . . . .	16,405	1,828	12,217	30,450
Canadian Museum of Nature . . . . .	14,997	201	3,973	19,171
Defence Construction (1951) Limited . . . . .	263	610	2,137	3,010
Enterprise Cape Breton Corporation . . . . .	2,751	1,654	137	4,542
Queens Quay West Land Corporation <sup>(4)</sup> . . . . .	6,093		2,405	8,498
International Development Research Centre . . . . .	36,351	272	6,651	43,274
Jacques Cartier and Champlain Bridges Incorporated, The . . . . .	3,152	5,287	11,910	20,349
Marine Atlantic Inc. . . . .	11,405	47	371,633	383,085
National Arts Centre Corporation . . . . .	6,140	135	12,773	19,048
National Capital Commission . . . . .	24,317	1,688	351,705	377,710
National Gallery of Canada . . . . .	4,481	5,950	8,538	18,969
National Museum of Science and Technology . . . . .	2,511	509	6,715	9,735
Standards Council of Canada . . . . .	1,558	928	847	3,333
VIA Rail Canada Inc. . . . .	28,712	96,813	658,564	784,089
Total . . . . .	392,932	230,615	2,927,207	3,550,754
Conversion to the Government accounting basis for consolidation purposes . . . . .	202		2,927,207	2,927,409
Total on the Government accounting basis . . . . .	392,730	230,615		623,345

<sup>(1)</sup> All Crown corporations listed in this table are parent Crown corporations except the following: Canada Lands Company Vieux-Port de Québec Inc., Canada Museums Construction Corporation Inc., Old Port of Montreal Corporation Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

<sup>(2)</sup> The corporation is inactive.

<sup>(3)</sup> During the year, Canada Museums Construction Corporation Inc. transferred its responsibilities for residual matters pertaining to the construction of two museums to Public Works and Government Services.

<sup>(4)</sup> Pursuant to Bill C-8, the dissolution of Queens Quay West Land Corporation has been delayed to no later than January 31, 1996.

Liabilities					
Third parties		Government and Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
	34,434		34,434	124,368	158,802
	2	289	291	203	494
	2,455	434	2,889	-840	2,049
	1,268		1,268	872	2,140
	864,496	9,865	874,361	738,599	1,612,960
	9,974	312	10,286	38,760	49,046
	12,716	2,137	14,853	15,597	30,450
	5,751	9,255	15,006	4,165	19,171
	2,907	267	3,174	-164	3,010
	2,317		2,317	2,225	4,542
	2,582	45,800	48,382	-39,884	8,498
	13,978	3,267	17,245	26,029	43,274
	5,644	67	5,711	14,638	20,349
8,065	374,725	12,912	395,702	-12,617	383,085
	5,733	179	5,912	13,136	19,048
	49,018	772	49,790	327,920	377,710
	7,756	3,309	11,065	7,904	18,969
	3,633	806	4,439	5,296	9,735
	1,295	92	1,387	1,946	3,333
	126,265	31,854	158,119	625,970	784,089
8,065	1,526,949	121,617	1,656,631	1,894,123	3,550,754
	795,389	9,905	805,294	2,122,115	2,927,409
8,065	731,560	111,712	851,337	-227,992	623,345

TABLE 4.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS  
FOR THE YEAR ENDED MARCH 31, 1995  
(in thousands of dollars)

Crown corporations	Revenues			
	Third parties	Government and Crown corporations		Total
		Financial assistance	Other	
Canada Council .....	8,548	98,362	3,491	110,401
Canada Lands Company Limited				
Canada Lands Company Vieux-Port de Québec Inc. ....				
Old Port of Montreal Corporation Inc. ....	8,431	3,000		11,431
Canada Museums Construction Corporation Inc. ....	55		7	62
Canada Mortgage and Housing Corporation				
Minister's Account .....		1,987,496		1,987,496
Canadian Broadcasting Corporation .....	406,989	951,358	4,243	1,362,590
Canadian Dairy Commission				
Dairy Support Operation Financed				
by the Government of Canada .....		234,411		234,411
Canadian Film Development Corporation .....	26,511	122,342		148,853
Canadian Museum of Civilization .....	7,914	50,078		57,992
Canadian Museum of Nature .....	2,366	23,817		26,183
Defense Construction (1951) Limited .....		14,617	4,061	18,678
Enterprise Cape Breton Corporation .....	898		25	923
Queens Quay West Land Corporation .....	3,611			3,611
International Development Research Centre .....	8,540	111,908	10,599	131,047
Jacques Cartier and Champlain Bridges Incorporated, The .....	806	32,097	34	32,937
Marine Atlantic Inc. ....	115,301	104,937	6,307	226,545
National Arts Centre Corporation .....	16,472		443	16,915
National Capital Commission .....	19,678	102,071	4,363	126,112
National Gallery of Canada .....	4,267	34,399		38,666
National Museum of Science and Technology .....	2,933	20,868	35	23,836
Standards Council of Canada .....	3,810	5,423	352	9,585
VIA Rail Canada Inc. ....	165,164	276,935	6,819	448,918
Total .....	802,294	4,174,119	40,779	5,017,192
Conversion to the Government accounting basis for consolidation purposes .....	9,662	217,055		226,717
Total on the Government accounting basis .....	811,956	4,391,174	40,779	5,243,909

Notes to Table 4.1 are an integral part of this table.



Third parties	Expenses		Net income/ loss(-)	Equity beginning of year	Adjustments	Equity transactions with Government		Equity end of year
	Government and Crown corporations	Total				Dividends	Capital	
109,697		109,697	704	123,053			611	124,368
				203				203
12,481		12,481	-1,050		210			-840
-734		-734	796	76				872
1,799,052	188,444	1,987,496						
1,550,518	5,789	1,556,307	-193,717	756,822			175,494	738,599
234,411		234,411						
136,905	1,591	138,496	10,357	28,403				38,760
48,925	7,183	56,108	1,884	13,713				15,597
23,934	1,942	25,876	307	2,262			1,596	4,165
	18,091	18,091	587	-751				-164
16,545	117	16,662	-15,739	2,402			15,562	2,225
18,273	210	18,483	-14,872	-26,012			1,000	-39,884
129,951		129,951	1,096	24,933				26,029
33,489	618	34,107	-1,170	15,812	-4			14,638
212,695	14,622	227,317	-772	-11,229	-616			-12,617
35,420	1,178	36,598	-19,683	11,193			21,626	13,136
120,609	7,579	128,188	-2,076	329,996				327,920
31,542	7,093	38,635	31	8,471	-598			7,904
18,633	6,006	24,639	-803	6,099				5,296
8,835	357	9,192	393	1,553				1,946
416,573	70,659	487,232	-38,314	640,197			24,087	625,970
4,957,754	331,479	5,289,233	-272,041	1,927,196	-1,008		239,976	1,894,123
81,015	-75,939	5,076	221,641	-2,104,788	1,008		-239,976	-2,122,115
5,038,769	255,540	5,294,309	-50,400	-177,592				-227,992

## Borrowings by Consolidated Agent Crown Corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts*. The borrowings are from

lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

TABLE 4.3

### BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1994	Borrowings and other credits	Payments and other charges	Balance March 31/1995
Marine Atlantic Inc. ....	8,065			8,065
National Arts Centre Corporation .....		1,100	1,100	
Total .....	8,065	1,100	1,100	8,065

Notes to Table 4.1 are an integral part of this table.

## Contingent Liabilities of Consolidated Crown Corporations

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 4.4

### CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS

(in thousands of dollars)

	March 31/1995
<b>Agent Crown corporations</b>	
Canada Lands Company Limited (Vieux-Port de Québec Inc.)—Miscellaneous litigation .....	1,100
Canada Museums Construction Corporation Inc.—Contract disputes .....	6,000
Enterprise Cape Breton Corporation—Loan guarantee .....	7,210
Defence Construction (1951) Limited—Contract disputes .....	4,934
National Capital Commission—Miscellaneous litigation and agreements .....	15,565
Canada Lands Company Limited (Old Port of Montreal Corporation Inc.)—Contract dispute .....	2,000
	36,809
<b>Non-Agent Crown Corporations</b>	
Marine Atlantic Inc.—Miscellaneous claims .....	5,078
Total .....	41,887

Notes to Table 4.1 are an integral part of this table.

## Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

**TABLE 4.5**

**FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS**  
**FOR THE YEAR ENDED MARCH 31, 1995**  
(in thousands of dollars)

	Financial assistance under budgetary appropriations <sup>(1)</sup>	Purpose	
		Operations	Capital expenditures
<u>Agent Crown corporations</u>			
Canada Lands Company Limited			
Old Port of Montreal Corporation Inc . . . . .	3,000	3,000	
Canada Mortgage and Housing Corporation <sup>(2)</sup> . . . . .	1,987,496	1,987,496	
Canadian Broadcasting Corporation . . . . .	1,093,852	951,358	142,494
Canadian Dairy Commission . . . . .	226,600	226,600	
Canadian Film Development Corporation . . . . .	122,344	122,344	
Canadian Museum of Civilization . . . . .	49,569	49,569	
Canadian Museum of Nature . . . . .	27,237	27,237	
Defence Construction (1951) Limited . . . . .	15,050	15,050	
Enterprise Cape Breton Corporation . . . . .	15,562	15,562	
National Capital Commission . . . . .	100,987	59,030	41,957
National Gallery of Canada . . . . .	35,445	3,000	32,445
National Museum of Science and Technology . . . . .	20,868	20,868	
	<i>3,698,010</i>	<i>3,481,114</i>	<i>216,896</i>
<u>Non-agent Crown corporations</u>			
Canada Council . . . . .	98,421	98,421	
International Development Research Centre . . . . .	111,908	111,908	
Jacques Cartier and Champlain Bridges Incorporated, The . . . . .	32,589	32,589	
Marine Atlantic Inc . . . . .	112,376	112,376	
National Arts Centre Corporation . . . . .	21,626	21,626	
Standards Council of Canada . . . . .	5,423	5,423	
Queens Quay West Land Corporation . . . . .	9,800	9,800	
VIA Rail Canada Inc . . . . .	301,021	301,021	
	<i>693,164</i>	<i>693,164</i>	
Total . . . . .	<i>4,391,174</i>	<i>4,174,278</i>	<i>216,896</i>

<sup>(1)</sup> Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

<sup>(2)</sup> Includes budgetary appropriations for Government programs known as the "Minister's account".

## CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are special categories of revenues and expenditures which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues. They are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but in essence constitute Government revenues and expenditures.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and

expenditures charged thereto. The transactions of these accounts are now reported with revenues and expenditures, in order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 4.6

### CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	April 1/1994	Receipts and other credits		Payments and other charges		March 31/1995
		From outside parties	Internal to the Government	To outside parties	Internal to the Government	
	\$	\$	\$	\$	\$	\$
Major Accounts—						
Agriculture and Agri-Food—						
Western Grain Stabilization Account . . . . .	20,377,025			-1,331,861		21,708,886
Less: interest-bearing loans . . . . .	1,112,000,000					1,112,000,000
	-1,091,622,975			-1,331,861		-1,090,291,114
Crop Reinsurance Fund . . . . .	36,057,657	64,665,474		556,988		100,166,143
Less: interest-bearing loans . . . . .	443,156,751					443,156,751
	-407,099,094	64,665,474		556,988		-342,990,608
Agricultural Commodities						
Stabilization Accounts . . . . .	121,846,906	61,428,042	10,773,371	129,406,160	26,003,133	38,639,026
Less: interest-bearing loans . . . . .	19,278,258				19,278,258	
	102,568,648	61,428,042	10,773,371	129,406,160	6,724,875	38,639,026
	-1,396,153,421	126,093,516	10,773,371	128,631,287	6,724,875	-1,394,642,696
Human Resources Development—						
Unemployment Insurance Account, Table 4.7 . . . . .	-543,911,224	18,928,032,391	504,267,539	16,245,318,102	3,142,449,466	-499,378,862
Less: interest-bearing loans . . . . .	6,105,000,000				2,718,600,000	3,386,400,000
	-6,648,911,224	18,928,032,391	504,267,539	16,245,318,102	423,849,466	-3,885,778,862
Natural Resources—						
Canadian Ownership Account . . . . .	1,910,175,078				3,567,029,399	-1,656,854,321
Add: investments made through the Canadian Ownership Account . . . . .	1,656,854,321					1,656,854,321
Canadian Ownership special charge collected . . . . .	3,567,029,399				3,567,029,399	
Total major accounts . . . . .	-4,478,035,246	19,054,125,907	515,040,910	16,373,949,389	3,997,603,740	-5,280,421,558
Insurance Accounts—						
Finance—						
Investors' Indemnity Account . . . . .	32,581		37,000	18,604		50,977
Fisheries and Oceans—						
Fishing Vessel Insurance Plan . . . . .	27,154,284	6,011,654		3,824,577		29,341,361
Health—						
Health Insurance Supplementary Account . . . . .	28,387					28,387



TABLE 4.6

## CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1994	Receipts and other credits		Payments and other charges		March 31/1995
		From outside parties	Internal to the Government	To outside parties	Internal to the Government	
	\$	\$	\$	\$	\$	\$
Natural Resources—						
Atomic Energy Control Board—						
Nuclear Liability Reinsurance Account . . . . .	541,521					541,521
Transport—						
Ship-Source Oil Pollution Fund . . . . .	217,885,171		18,793,680	3,418,303		233,260,548
Total insurance accounts . . . . .	245,641,944	6,011,654	18,830,680	7,261,484		263,222,794
Other Specified Purpose Accounts—						
Canadian Heritage—						
Alexander Graham Bell National Historic Site . . . . .	33,433			27,500		5,933
Claudia de Hueck Bequest Account . . . . .	361,780		19,863	10,000		371,643
Fort Langley Legacy Foundation Donations . . . . .						
Marconi Celebration Trust Fund . . . . .	10,930			-835		11,765
National Archives of Canada—						
Donations . . . . .	140,735	211,999		166,702		186,032
National Battlefields Commission—						
Trust Fund Account . . . . .	143,259	443,215	12,775	364,681		234,568
National Library—						
Special Operating Account . . . . .	61,928	58,864		70,504		50,288
	752,065	714,078	32,638	638,552		860,229
Environment—						
Endangered Species—Donations . . . . .				25		-25
Fish Habitat Restoration Account . . . . .	1,907,700	100,000		1,181,282		826,418
	1,907,700	100,000		1,181,307		826,393
Finance—						
Canadian Commercial Bank and Northland Bank Holdback Account . . . . .	246,223,464					246,223,464
Fisheries and Oceans—						
Supplementary Fines Fish Account . . . . .		31,500				31,500
Governor General—						
Friends of Rideau Hall Account . . . . .	19,812	255,624		273,579		1,857
Health—						
Sioux Lookout Zone Hospital . . . . .	440	454		500		394
Medical Research Council—						
Donations for Research . . . . .	1,495,753	1,158,084	84,509	1,412,983		1,325,363
	1,496,193	1,158,538	84,509	1,413,483		1,325,757
Human Resources Development—						
Canadian Centre for Occupational Health and Safety—Donations . . . . .	75,795			-2,501		78,296
Indian Affairs and Northern Development—						
Environmental Studies Research Fund . . . . .	268,315	25,652		100,000		193,967
Industry—						
National Research Council of Canada—						
H. L. Holmes Fund . . . . .		2,258,394		2,218,028		40,366
Natural Sciences and Engineering Research Council—Donation Trust Fund . . . . .	11,404	350,533		286,389		75,548
	11,404	2,608,927		2,504,417		115,914
Natural Resources—						
Environmental Studies Research Fund . . . . .	438,819	4,402		140,780		302,441

TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	Receipts and other credits			Payments and other charges		March 31/1995
	April 1/1994	From outside parties	Internal to the Government	To outside parties	Internal to the Government	
	\$	\$	\$	\$	\$	\$
Privy Council—						
Canadian Transportation Accident Investigation and Safety Board—						
Flight Recorder Software Systems Account .....	15,560			15,560		
National Round Table on the Environment and Economy—Donations ...	7,593	237,252		118,543		126,302
	23,153	237,252		134,103		126,302
Public Works and Government Services—						
Seized Property Proceeds Account .....	1,604,785	5,921,850		1,106,564		6,420,071
Transport—						
Fines for the Transportation of Dangerous Goods .....	51,549					51,549
Total other specified purpose accounts .....	252,873,054	11,057,823	117,147	7,490,284		256,557,740
Total .....	-3,979,520,248	19,071,195,384	533,988,737	16,388,701,157	3,997,603,740	-4,760,641,024

## Western Grain Stabilization Account

The purpose of the *Western Grain Stabilization Act* was to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, buckwheat, peas, lentils, favabeans and canary seed as well as any other prescribed seed that was produced in the designated area and was a grain for which a grade has been established and designated as "Canada Western" by regulation under the *Canada Grain Act*.

This account recorded funds for this purpose which were received from:

- (a) levies paid by participating producers—levy rate ranging from 2 percent to 4 percent were applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- (b) when Government contributions were equal to levies paid by producers plus an additional 2 percent of the participant's eligible grain sales proceeds of all participants on which levy was paid by participants;
- (c) interest on the amount that was standing to the credit of the Account at rates and in accordance with the terms and conditions which were determined by the Minister of Finance; and,

(d) pursuant to section 45 of the *Western Grain Stabilization Act* advances were from the Consolidated Revenue Fund when the balance in the Account was not sufficient for the payment of the stabilization payments and other amounts required to be charges to the Account pursuant to section 44 of the *Western Grain Stabilization Act*.

The outstanding advance in the Account is presently being renegotiated. Treatment of the Account's deficit upon termination of the Western Grain Stabilization Account is subject to the provision of subsection 24(3) of the *Farm Income Protection Act*: "The Governor in Council may, by order, fix the day on which the Western Grain Stabilization Account continued pursuant to subsection (1) shall be closed." *The Western Grain Stabilization Act* has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Payments and other charges to outside parties of -\$1.3 million (-\$7.6 million in 1994), were reported and presented in the Statement of Revenues and Expenditures.

## Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to section 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from moneys paid by the provinces for the purpose of reinsurance and the expenditures of the Fund are moneys paid to the provinces under the terms of reinsurance agreements. When there is insufficient revenues in the Fund to meet payments, the Minister of Finance advances additional funds to cover these obligations. These advances are recovered without interest from future revenues from the provinces.

Receipts and other credits from outside parties of \$65 million (\$35 million in 1994) are reported as revenues, while payments and other charges of \$557 thousand (\$50 million in 1994) are reported as expenditures in the Statement of Revenues and Expenditures.

## Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle;
- (c) slaughter cattle;
- (d) feeder calves;
- (e) home-raised lambs;
- (f) ewe flock;
- (g) apples;
- (h) white pea beans;
- (i) kidney/cranberry beans;
- (j) other coloured beans;
- (k) sugar beets;
- (l) honey; and,
- (m) onions.

These accounts are continued in the accounts of Canada pursuant to section 16(2) of the *Farm Income Protection Act*. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Receipts and other credits from outside parties of \$61 million (\$197 million in 1994) are reported as revenues, while payments and other charges to outside parties of \$129 million (\$101 million in 1994) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$11 million (\$39 million in 1994), and payments and other charges of \$26 million (\$167 million in 1994), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

## Unemployment Insurance Account

The *Unemployment Insurance Act* provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, penalties and interest; (b) refunds of overpayments of benefits and, since November 18, 1990, special assistance payments and benefit repayments; (c) amounts for services rendered to other Government departments or agencies, or to the public; (d) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (e) interest on the balance of the Account at such rates as the Minister of Finance may authorize.

The Act also provides that the following be charged to the Account: (a) benefits and, since November 18, 1990, special assistance payments paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$23.95 from April 1, 1994 to December 31, 1994 and \$24.45 from January 1, 1995 to March 31, 1995. Maximum weekly benefits were \$445 from April 1, 1994 to July 2, 1994, \$429 from July 3, 1994 to December 31, 1994 and \$448 from January 1, 1995 to March 31, 1995.

Transactions with outside parties are reported in Table 4.6 as follows: receipts and other credits of \$18,928 million (\$18,233 million in 1994) are reported as revenues, while payments and other charges of \$16,245 million (\$18,906 million in 1994) are reported as expenditures.

Receipts and other credits of \$504 million (\$1,237 million in 1994), and payments and other charges of \$3,142 million (\$450 million in 1994), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.



Table 4.7 presents a statement of the transactions in the Unemployment Insurance Account. Notwithstanding the accounting policies of the Government, the data in Table 4.7, except for administration costs, are presented on a cash basis. This method is used to permit a direct reconciliation of data with the accounts of Canada and the data in Table 4.6. For the purpose of presentation in the financial statements of the Government of Canada, adjusting entries have been brought to these accounts in order to conform to the stated accounting policies.

The unemployment insurance benefits as reported in Table 4.7 (\$14,961 million) differ from the benefits (\$14,815 million) reported in the Statement of Revenues and Expenditures (Section 1 of this volume). The difference is attributed to further adjustments due to the provision for valuation (\$133 million) and the unemployment insurance benefits recovery of \$13 million through the Income Tax System.

**TABLE 4.7**

### TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT

(in millions of dollars)

	1994-95	1993-94
<b>RECEIPTS AND OTHER CREDITS—</b>		
Premiums—		
Employers and employees .....	19,371	18,671
Penalties .....	44	46
Interest earned .....	17	5
	19,432	18,722
<b>PAYMENTS AND OTHER CHARGES—</b>		
Benefits .....	14,961	17,596
Administration costs .....	1,285	1,310
Interest expense .....	423	450
	16,669	19,356
Net increase or decrease(-) .....	2,763	-634
Repayments (-) or advances .....	-2,718	747
Balance at beginning of year .....	-544	-657
Balance at end of year .....	-499	-544

### Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, *Appropriation Act No 4, 1980-81*. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Transactions since that time are the result of adjustments due to audits. The final such credit was received in 1993-94.

The Canadian Ownership Account was closed by Natural Resources Vote 2d, *Appropriation Act No. 4, 1994-95*.

### Insurance Accounts

For the following Insurance Accounts, receipts and other credits from outside parties of \$6 million (\$6 million in 1994) are reported as revenues, while payments and other charges to

outside parties of \$7 million (\$12 million in 1994) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$19 million (\$13 million in 1994), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

### Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to \$50,000 by Treasury Board Submission No 817667 dated December 12, 1991.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

### Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, *Appropriation Act No. 5, 1955*, extended by Vote 527, *Appropriation Act No. 6, 1956* and Vote L38b, *Appropriation Act No 1, 1970*, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with indemnities, refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

### Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

### Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

### Ship-Source Oil Pollution Fund

This account was established pursuant to section 702 of the *Canada Shipping Act*, to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.



## Other Specified Purpose Accounts

For the following Other Specified Purpose Accounts, receipts and other credits from outside parties of \$11 million (\$26 million in 1994) are reported as revenues, while payments and other charges to outside parties of \$7.5 million (\$4 million in 1994) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$117,147 (\$50,386 in 1994), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

### Alexander Graham Bell National Historic Site

This account was established to accept donations from various companies of the Canadian telecommunications industry for the redevelopment of the Alexander Graham Bell National Historic Site. These donations will be used for the construction of facilities for disabled visitors in addition to improving the reception, orientation and special events services.

### Claudia de Hueck Bequest Account

This account was established pursuant to section 15 of the *Science Council of Canada Act*, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

### Fort Langley Legacy Foundation—Donations

This account was established for the purpose of accepting donations from the Fort Langley Legacy Foundation towards the design, construction and furnishing of the cooperage at Fort Langley National Historic Site.

### Marconi Celebration Trust Fund

This account was established for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

### National Archives of Canada—Donations

This account was established pursuant to section 10 of the *National Archives Act*, to record monies received for the purposes of the National Archives, by way of donations, bequest or otherwise. Amounts received for the purposes of the *National Archives Act* may be paid out of this account, or out of money appropriated by Parliament for such purposes.

### National Battlefields Commission—Trust Fund Account

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for

the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

### National Library—Special Operating Account

This account was established pursuant to section 14 of the *National Library Act*, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

### Endangered Species—Donations

This account was established to record donations, gifts or bequest received from individuals and organizations to finance various studies related to Endangered Species.

### Fish Habitat Restoration Account

This account was established pursuant to section 79(2) of the *Fisheries Act*, for a specified purpose; this purpose being:

Québec: Together with the "Fondation de la faune du Québec" and the Department of Leisure, Fish and Game of Quebec, the restoration of wildlife habitats, notably wetlands, water levels control, acquisition of shorelands, restoration of spawning grounds damaged by encroachment on the St. Lawrence River and release of trout and other fish species in these spawning grounds being restored;

Northwest Territories: To promote the conservation of fish or fish habitat in the waters of or adjacent to the Northwest Territories. It may include the design, construction or operation of an aquarium at Iqaluit or the funding or conduct of programs approved by the Department of Environment Canada related to sewage waste treatment and disposal in relation to the Northwest Territories.

### Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During 1994-95, no claims have been received for potential payments from the holdback.

### Supplementary Fines Fish Account

The account was established to record the deposit of monies received from persons declared guilty of offences under the *Fisheries Act*, and fined by courts under subsection 79.2 (f) of the Act.

### **Friends of Rideau Hall Account**

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund Heritage projects.

### **Sioux Lookout Zone Hospital**

This account was established to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

### **Medical Research Council — Donations for Research**

This account was established under section 5(3) of the *Medical Research Council Act* to record donations and contributions received from organizations and individuals for biomedical research.

### **Canadian Centre for Occupational Health and Safety—Donations**

This account was established pursuant to section 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

### **Indian Affairs and Northern Development—Environmental Studies Research Fund**

This account was established pursuant to section 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

### **H.L. Holmes Fund**

This account was established pursuant to section 13(1)(f) of the *National Research Council Act* to record the residue of the estate of H. L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H. L. Holmes Award on an annual basis. This award will provide the opportunity to Post-Doctoral students to study at world famous Graduate School or Research Institutes under outstanding research persons.

### **Natural Sciences and Engineering Research Council—Donation Trust Fund**

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record monies, securities or other property received by way of gift, bequest or

otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

### **Natural Resources—Environmental Studies Research Fund**

This account was established pursuant to section 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

### **Flight Recorder Software Systems Account**

This account was established to record donations in the form of cash from other government safety organisations who have acquired a software system which was developed by the Canadian Transportation Accident Investigation and Safety Board for use in aircraft accident investigations for the purpose of advancing aviation safety.

### **National Round Table on the Environment and Economy—Donations**

This account was established to record grants and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

### **Seized Property Proceeds Account**

This account was established pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also monies received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to other Government departments and the Consolidated Revenue Fund.

### **Fines for the Transportation of Dangerous Goods**

This account was established pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations to record fines levied by courts.

## SUPPLEMENTARY STATEMENT

### Canada Employment and Immigration Commission relating to the Unemployment Insurance Account

#### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Canada Employment and Immigration Commission in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and the estimates of importance in these financial statements are Management's responsibility. Management is also responsible for all other information in the departmental annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Unemployment Insurance Account.

In support of its responsibility, Management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Unemployment Insurance Act* and Regulations, as well as the *Financial Administration Act* and Regulations.

The Unemployment Insurance Account's external auditor, the Auditor General of Canada, audits the operations and financial statements and reports to the Minister of Human Resources Development.

Jean-Jacques Noreau  
*Chairperson*

David A. Good  
*Assistant Deputy Minister  
Financial and Administrative Services*

June 30, 1995

#### AUDITOR'S REPORT

TO THE DESIGNATED MINISTER OF HUMAN RESOURCES  
DEVELOPMENT

I have audited the balance sheet of the Unemployment Insurance Account as at December 31, 1994 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Unemployment Insurance Account as at December 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

L. Denis Desautels, FCA  
Auditor General of Canada

Ottawa, Canada  
June 30, 1995



# Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1994  
(in thousands of dollars)

ASSETS	1994	1993	LIABILITIES AND DEFICIT	1994	1993
Balance of the account with Receiver General for Canada . . . . .	68,481	32,460	Unredeemed warrants . . . . .	217,965	276,712
Premiums receivable . . . . .	377,091	685,522	Amounts payable (Note 4) . . . . .	187,745	141,610
Due from claimants (Note 3) . . . . .	380,362	318,921	Accrued benefits payable . . . . .	616,190	762,355
			Advances from Canada (Note 5) . . . . .	3,405,264	5,740,213
				4,427,164	6,920,890
			Deficit . . . . .	-3,601,230	-5,883,987
	825,934	1,036,903		825,934	1,036,903

The accompanying notes and schedule are an integral part of these financial statements.

Approved by the Commission:

JEAN-JACQUES NOREAU  
*Chairperson*

DAVID A. GOOD  
*Assistant Deputy Minister  
Financial and Administrative Services*

## STATEMENT OF OPERATIONS AND DEFICIT FOR THE YEAR ENDED DECEMBER 31, 1994 (in thousands of dollars)

	1994	1993
Revenue		
Premiums (Note 6) . . . . .	19,327,091	18,468,522
Penalties . . . . .	82,284	91,390
Interest on the balance of the account with Receiver General for Canada . . . . .	15,173	2,506
	19,424,548	18,562,418
Expenses		
Benefits and developmental uses programs (Note 7 and Schedule I) . . . . .	15,463,452	17,972,128
Administration costs (Note 8) . . . . .	1,293,581	1,293,612
Interest on advances from Canada . . . . .	325,284	407,586
Doubtful debts . . . . .	59,474	97,363
	17,141,791	19,770,689
Surplus (Deficit) for the year . . . . .	2,282,757	-1,208,271
Deficit at beginning of the year . . . . .	-5,883,987	-4,675,716
Deficit at the end of the year . . . . .	-3,601,230	-5,883,987

The accompanying notes and schedule are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1994

### 1. Authority, objective and responsibilities

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Unemployment Insurance Act* (the Act). The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

The Unemployment Insurance Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments to be received from higher income claimants. Under the terms of the Act, a claimant with higher income is one whose income exceeds 1.5 times the maximum yearly insurable earnings.



# Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1994—Continued

## 2. Accounting policies

All financial transactions affecting the Unemployment Insurance Account are governed by the Act and/or the Regulations.

### a) Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

### b) Premiums

Premiums are based on an estimate of the amount to be collected that relates to the year and include adjustments between actual and estimated premiums of previous years.

### c) Benefits

Benefits represent the benefits to be paid to claimants for the period of unemployment during the year less benefit overpayments established by the Commission during the year, and estimated benefit repayments to be received from higher income claimants.

### d) Administration costs

The costs of administration of the Act are based on an estimate of actual costs incurred by the Commission during the year and include adjustments between actual and estimated costs of the previous year.

## 3. Due from claimants

	1994	1993
	(in thousands of dollars)	
Balance of benefit overpayments and penalties .....	529,801	461,882
Less: allowance for doubtful debts .....	197,834	169,789
	331,967	292,093
Estimated benefit repayments to be received from higher income claimants .....	48,395	26,828
	380,362	318,921

Uncollectable benefit overpayments and penalties written off during the year amounted to \$31 million (\$28 million in 1993).

Continuous efforts have been made by the Commission in detecting overpayments on claims processed during the current and preceding years and, where necessary, imposing penalties. During 1994, overpayments and penalties totaling \$442 million (\$466 million in 1993) were established. During the year, \$343 million have been recovered (\$359 million in 1993).

## 4. Amounts payable

	1994	1993
	(in thousands of dollars)	
To Canada		
Course and program costs and supplementary allowances .....	133,321	128,034
Administration costs .....	36,866	-3,422
Tax deductions from warrants .....	8,888	8,990
Recoupments from warrants .....	2,116	2,243
	181,191	135,845
To provinces		
Recoupments from warrants .....	5,615	2,467
Quebec tax deductions from warrants .....	939	3,298
	6,554	5,765
	187,745	141,610

## 5. Advances from Canada

Where the balance of the Account is insufficient for the payment of benefits and costs of administration of the Act, the Minister of Finance, when requested by the Commission, may authorize the advance of funds from the Consolidated Revenue Fund.

These advances are contracted by means of promissory notes which bear annual interest compounded semi-annually at rates varying from 4.38 percent to 8.42 percent. The balance as at December 31 consisted of:

	1994	1993
	(in thousands of dollars)	
Principal repayable in:		
1994 .....		2,740,000
1995 .....	667,000	2,615,000
1996 .....	2,615,000	
	3,282,000	5,355,000
Accrued interest .....	123,264	385,213
	3,405,264	5,740,213

## 6. Premiums

In 1994, the premium rate for employees was \$3.07 per \$100 of insurable earnings (\$3.00 in 1993). The premium rate for employers, calculated at 1.4 times the employee rate, was \$4.30 per \$100 of an employee's insurable earnings.

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1994, the total amount of reductions is estimated at \$558 million (actual reductions of \$548 million in 1993).

# Canada Employment and Immigration Commission relating to the Unemployment Insurance

## Account—Continued

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994—Concluded

#### 7. Estimated overpayments and underpayments of benefits

The large number of claimants to be monitored and the requirement for prompt service require a selective rather than universal application of internal control procedures, and therefore, the verification of claims is mainly done after claimants have begun to receive benefits.

In order to monitor the effectiveness of the benefit payment process, the Commission has a program in place which estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during 1994, undetected overpayments and underpayments amounted to \$381 million and \$191 million respectively (\$312 million and \$150 million in 1993). As indicated in Note 3, continuous efforts are made by the Commission to detect, establish, and recover overpayments.

#### 8. Administration costs

##### ADMINISTRATION COSTS (in thousands of dollars)

	1994	1993
Administration costs by activity		
Unemployment Insurance .....	496,332	540,427
Employment .....	279,714	273,390
Corporate management and administration .....	283,282	296,909
CEC management and joint services .....	198,841	160,388
Systems and procedures .....	25,522	28,927
Policy and communications .....	16,267	
	1,299,958	1,300,041
Less: recovery of costs for maintaining the social insurance number registry and issuing replacement cards .....	6,377	6,429
	1,293,581	1,293,612

#### Administration costs—related party transactions

The administration costs include \$117.9 million (\$113.5 million in 1993) charged by Public Works and Government Services Canada for accommodation and rental costs and \$46.9 million (\$47.6 million in 1993) by Revenue Canada for collecting premiums from employers and employees.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Account is related in terms of a component of the Government of Canada reporting entity to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of business.

#### 9. Subsequent events

In 1994, the Government undertook a comprehensive reform of Canada's social security system. All programs have been examined and important changes could be made to current programs relating to Unemployment Insurance, training, and other employment assistance programs. Amendments to the *Unemployment Insurance Act* may be presented in Parliament in the fall of 1995.

Furthermore, in his 1995 Budget speech, the Minister of Finance announced that a surplus will be generated and maintained in the Unemployment Insurance Account. This surplus will be used to mitigate premium rate increases during periods of slowing economic growth.

#### 10. Financial statement presentation

It is management's opinion that a statement of changes in financial position for the Account is not necessary since information concerning operational and financing activities, and their effects on cash resources, are readily apparent in the Statement of Operations and Deficit and are adequately disclosed in the notes to the financial statements. Due to its nature, the Account is not involved in any investment activities.

**Canada Employment and Immigration Commission  
relating to the Unemployment Insurance  
Account—Concluded**

**SCHEDULE I  
BENEFITS AND DEVELOPMENTAL USES PROGRAMS  
FOR THE YEAR ENDED DECEMBER 31, 1994  
(in thousands of dollars)**

	1994	1993
<b>Benefits</b>		
Regular .....	11,755,509	14,273,584
Maternity .....	773,257	795,861
Parental .....	475,705	486,561
Sickness .....	414,721	416,920
Fishing .....	245,744	257,061
Adoption .....	4,768	4,968
	<u>13,669,704</u>	<u>16,234,955</u>
<b>Developmental Uses Programs</b>		
Work sharing benefits .....	21,499	51,691
Job creation benefits .....	117,018	104,679
Training benefits .....	939,939	926,595
Course and training program costs .....	535,974	489,407
Supplementary training allowances .....	83,346	81,748
Self-employment assistance benefits .....	124,464	83,028
Self-employment assistance project costs .....	20,209	15,741
	<u>1,842,449</u>	<u>1,752,889</u>
<b>Benefits and Developmental Uses Programs</b> .....	<u>15,512,153</u>	<u>17,987,844</u>
<b>Less: benefit repayments by higher income claimants</b> .....	<u>48,701</u>	<u>15,716</u>
	<u><u>15,463,452</u></u>	<u><u>17,972,128</u></u>

### Benefit Rates

From January 1 to July 2, 1994, benefits paid represented the lesser of 57 percent of maximum insurable earnings, or \$445 per week. On July 3, 1994, a two-level benefit rate came into effect: 60 percent of insured earnings to claimants with dependants and low insured earnings, and 55 percent of insured earnings for all other claimants. The maximum weekly benefits were \$429 per week. From January 1 to April 3, 1993, the benefit rate was 60 percent and maximum weekly benefits were \$447 per week. From April 4, 1993 to the end of 1993, the benefit rate was 57 percent for maximum weekly benefits of \$425.

### Developmental Uses Programs

In addition to paying developmental uses benefits, the Account pays other expenses for claimants involved in training activities to improve their employability. Course, program, and project costs are paid to provincial governments, program coordinators, and other organizations. Claimants may also be entitled to supplementary training allowances to cover the costs of caring for dependant children, travelling to and from training centres, living away from home, and arrangements or equipment that enable persons with disabilities to participate in training.





# SECTION 5

**1994-95**

**PUBLIC ACCOUNTS**

## **Current Liabilities and Allowances**

### **CONTENTS**

	<i>Page</i>
Accounts payable and accrued liabilities. . . . .	<b>5.4</b>
Interest and matured debt . . . . .	<b>5.8</b>
Allowance for employee benefits . . . . .	<b>5.9</b>
Allowance for loan guarantees and borrowings of Crown corporations . . . . .	<b>5.9</b>

## CURRENT LIABILITIES AND ALLOWANCES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Current Liabilities and Allowances". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent current liabilities set up at year end under the authority granted to the President of the Treasury Board in the *Financial Administration Act*.

Table 5.1 presents the year-end balances of current liabilities and allowances by category. Chart 5A presents current liabilities and allowances by category for the current fiscal year, while Chart 5B compares current liabilities and allowances for the last ten fiscal years.

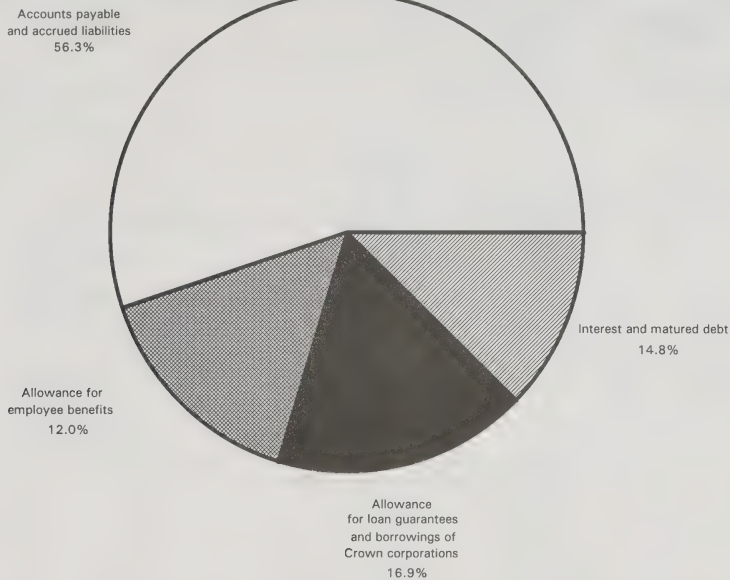
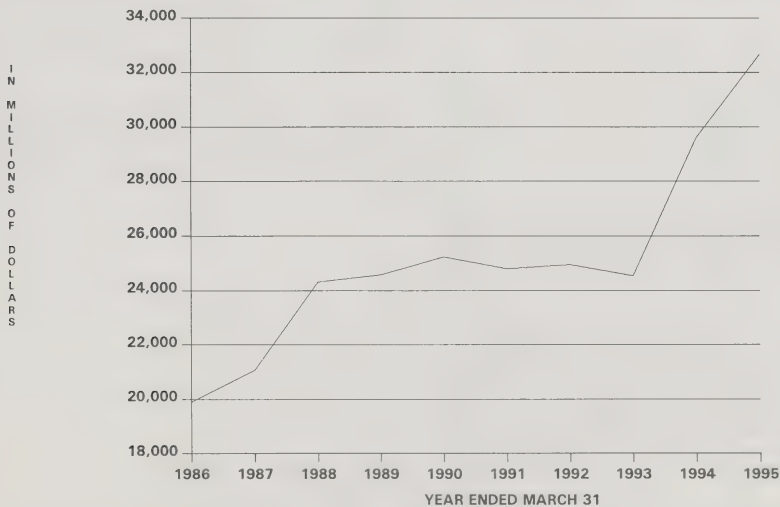
Most tables in this section present the continuity of accounts, by showing the opening and closing balances.

TABLE 5.1

### CURRENT LIABILITIES AND ALLOWANCES

	April 1/1994	March 31/1995
	\$	\$
Accounts payable and accrued liabilities, Table 5.2 .....	14,645,878,063	18,390,289,771
Interest and matured debt, Table 5.4 .....	6,465,612,502	4,830,736,584
Allowance for employee benefits .....	3,420,000,000	3,730,000,000
Add: consolidation adjustment <sup>(1)</sup> .....	135,000,000	180,000,000
Allowance for loan guarantees and borrowings of Crown corporations, Table 5.5 .....	3,555,000,000	3,910,000,000
	4,930,000,000	5,540,000,000
Total .....	29,596,490,565	32,671,026,355

<sup>(1)</sup> Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

**CHART 5A****CURRENT LIABILITIES AND ALLOWANCES BY CATEGORY FOR 1994-95****CHART 5B****CURRENT LIABILITIES AND ALLOWANCES**

## Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities includes accounts payable, the provincial tax collection agreements account, miscellaneous payroll deductions, borrowings of consolidated Crown corporations, suspense accounts and other accounts.

Table 5.2 presents a summary of the balances for the accounts in this category of current liabilities and allowances.

TABLE 5.2

### ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	April 1/1994	March 31/1995
	\$	\$
Accounts payable .....	14,209,818,282	17,509,628,378
Add: consolidation adjustment <sup>(1)</sup> .....	403,603,000	466,475,000
	<b>14,613,421,282</b>	<b>17,976,103,378</b>
Provincial tax collection agreements account, Table 5.3 .....		314,592,544
Miscellaneous payroll deductions .....	1,530,598	53,985,638
Borrowings of consolidated Crown corporations <sup>(1)</sup> .....	8,065,000	8,065,000
Suspense accounts .....	22,662,377	35,986,662
Other .....	198,806	1,556,549
<b>Total .....</b>	<b>14,645,878,063</b>	<b>18,390,289,771</b>

<sup>(1)</sup> Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

### Accounts payable

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceilings, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations.

### Provincial tax collection agreements account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the *Federal-Provincial Fiscal Arrangements Act*, and related payments made to them.

Under the *Federal-Provincial Fiscal Arrangements Act*, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (excluding Quebec), to collect individual income tax, and, with provinces and territories (excluding Quebec, Ontario and Alberta except for the tax on preferred shares dividend), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenues to be produced by the respective provincial and territorial taxes.

Because the *Public Accounts* reports information on a April to March fiscal year basis and because tax information is calculated on a calendar year basis, there can be transactions related to three or four tax years during any given fiscal year. For example, during a fiscal year the Minister of Finance makes current payments, based on estimates, for two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to final determinations of tax revenues, rebates and credits for the previous two tax years.

Table 5.3 presents detailed information of the transactions, accumulated balances and the net position of the revenues collected and the payments made to the provinces and territories on a tax year basis for both corporation and personal income taxes.



TABLE 5.3

## PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Personal income taxes collected by National Revenue—Taxation for 1992 .....	24,286,250,112		4	24,286,250,108
Less: payments to provinces and territories—				
Newfoundland .....	476,098,741	19,477,202	6,000	456,627,539
Prince Edward Island .....	106,928,450			106,928,450
Nova Scotia .....	935,290,691	37,126,355		898,164,336
New Brunswick .....	662,977,678	5,283,272		657,694,406
Ontario .....	13,426,559,211	345,080,022		13,081,479,189
Manitoba .....	1,080,283,043	40,276,279		1,040,006,764
Saskatchewan .....	1,062,042,428	46,487,252		1,015,555,176
Alberta .....	2,784,922,794	741		2,784,922,053
British Columbia .....	4,152,926,916	5,651		4,152,921,265
Yukon .....	29,995,374			29,995,374
Northwest Territories .....	62,922,561	967,005		61,955,556
	24,780,947,887	494,703,779	6,000	24,286,250,108
Net collections or overpayments (-) of personal income taxes for 1992 .....	-494,697,775	494,703,779	6,004	
Personal income taxes collected by National Revenue—Taxation for 1993 .....	27,913,216,000		1,768,048,001	26,145,167,999
Less: payments to provinces and territories—				
Newfoundland .....	522,087,000	22,346,550		499,740,450
Prince Edward Island .....	115,044,000	7,306,407	12,000	107,749,593
Nova Scotia .....	954,228,000	49,071,630		905,156,370
New Brunswick .....	730,985,000	42,428,704		688,556,296
Ontario .....	15,893,764,000	1,464,886,119		14,428,877,881
Manitoba .....	1,278,071,000	130,465,723	9,430,984	1,157,036,261
Saskatchewan .....	1,158,793,000	47,027,838		1,111,765,162
Alberta .....	2,989,366,000	97,748,512		2,891,617,488
British Columbia .....	4,643,625,000	260,524,548		4,383,100,452
Yukon .....	34,600,000	5,305,269		29,294,731
Northwest Territories .....	65,880,000	457,318	5,633,010	71,055,692
	28,386,443,000	2,127,568,618	15,075,994	26,273,950,376
Net collections or overpayments (-) of personal income taxes for 1993 .....	-473,227,000	2,127,568,618	1,783,123,995	-128,782,377
Personal income taxes collected by National Revenue—Taxation for 1994 .....	4,469,848,000	23,522,741,000		27,992,589,000
Less: payments to provinces and territories—				
Newfoundland .....	77,056,000		436,876,000	513,932,000
Prince Edward Island .....	16,940,000		95,209,000	112,149,000
Nova Scotia .....	144,067,000		805,107,000	949,174,000
New Brunswick .....	110,740,000		625,659,000	736,399,000
Ontario .....	2,438,289,000		13,660,881,000	16,099,170,000
Manitoba .....	185,584,000		1,074,641,000	1,260,225,000
Saskatchewan .....	167,727,000		956,201,000	1,123,928,000
Alberta .....	436,205,000		2,554,883,000	2,991,088,000
British Columbia .....	692,790,000		3,994,074,000	4,686,864,000
Yukon .....	5,320,000		26,107,000	31,427,000
Northwest Territories .....	9,996,000		55,977,000	65,973,000
	4,284,714,000		24,285,615,000	28,570,329,000
Net collections or overpayments (-) of personal income taxes for 1994 .....	185,134,000	23,522,741,000	24,285,615,000	-577,740,000

TABLE 5.3

## PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT—Continued

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Personal income taxes collected by National				
Revenue—Taxation for 1995 .....		4,893,376,000		4,893,376,000
Less: payments to provinces and territories—				
Newfoundland .....			80,052,000	80,052,000
Prince Edward Island .....			17,472,000	17,472,000
Nova Scotia .....			145,278,000	145,278,000
New Brunswick .....			114,457,000	114,457,000
Ontario .....			2,517,333,000	2,517,333,000
Manitoba .....			195,391,000	195,391,000
Saskatchewan .....			170,086,000	170,086,000
Alberta .....			465,423,000	465,423,000
British Columbia .....			731,395,000	731,395,000
Yukon .....			4,907,000	4,907,000
Northwest Territories .....			10,451,000	10,451,000
			4,452,245,000	4,452,245,000
Net collections or overpayments (-) of personal income taxes for 1995 .....		4,893,376,000	4,452,245,000	441,131,000
<b>Total personal income taxes on hand .....</b>	<b>-782,790,775</b>	<b>31,038,389,397</b>	<b>30,520,989,999</b>	<b>-265,391,377</b>
Corporation income taxes collected by National				
Revenue—Taxation for 1992 .....	1,076,359,303			1,076,359,303
Less: payments to provinces and territories—				
Newfoundland .....	43,767,259			43,767,259
Prince Edward Island .....	14,582,972			14,582,972
Nova Scotia .....	46,947,309			46,947,309
New Brunswick .....	80,512,322			80,512,322
Quebec .....	26,135,326			26,135,326
Ontario .....	55,543,014			55,543,014
Manitoba .....	99,070,959			99,070,959
Saskatchewan .....	103,099,954			103,099,954
Alberta .....	11,686,882	15,097	15,097	11,686,882
British Columbia .....	570,509,218			570,509,218
Yukon .....	6,544,649			6,544,649
Northwest Territories .....	17,959,439			17,959,439
	1,076,359,303	15,097	15,097	1,076,359,303
Net collections or overpayments (-) of corporation income taxes for 1992 .....		15,097	15,097	
Corporation income taxes collected by National				
Revenue—Taxation for 1993 .....	1,046,989,000	432,726,380	3,680,000	1,476,035,380
Less: payments to provinces and territories—				
Newfoundland .....	39,204,000		4,213,966	43,417,966
Prince Edward Island .....	12,474,000		3,113,447	15,587,447
Nova Scotia .....	88,211,000		9,231,653	97,442,653
New Brunswick .....	81,152,000		57,860,155	139,012,155
Quebec .....			22,061,665	22,061,665
Ontario .....			31,166,595	31,166,595
Manitoba .....	152,341,000	32,548,216	6,604,720	126,397,504
Saskatchewan .....	118,321,000	5,516,506	2,332,630	115,137,124
Alberta .....		15,098	12,642,355	12,627,257
British Columbia .....	631,369,000		169,314,512	800,683,512
Yukon .....	4,729,000		5,287,862	10,016,862
Northwest Territories .....	34,349,000	9,376,423	456,142	25,428,719
	1,162,150,000	47,456,243	324,285,702	1,438,979,459
Net collections or overpayments (-) of corporation income taxes for 1993 .....	-115,161,000	480,182,623	327,965,702	37,055,921

TABLE 5.3

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT—*Concluded*

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Corporation income taxes collected by National Revenue—Taxation for 1994 .....	452,462,000	1,086,470,000		1,538,932,000
Less: payments to provinces and territories—				
Newfoundland .....	3,730,000	380,000	45,569,000	48,919,000
Prince Edward Island .....	1,222,000		15,172,000	16,394,000
Nova Scotia .....	6,672,000		77,520,000	84,192,000
New Brunswick .....	7,646,000		92,202,000	99,848,000
Manitoba .....	13,028,000		154,617,000	167,645,000
Saskatchewan .....	10,934,000		132,378,000	143,312,000
British Columbia .....	63,468,000		742,141,000	805,609,000
Yukon .....	760,000		9,271,000	10,031,000
Northwest Territories .....	2,042,000		29,354,000	31,396,000
	109,502,000	380,000	1,298,224,000	1,407,346,000
Net collections or overpayments (-) of corporation income taxes for 1994 .....	342,960,000	1,086,850,000	1,298,224,000	131,586,000
Corporation income taxes collected by National Revenue—Taxation for 1995 .....		559,950,000		559,950,000
Less: payments to provinces and territories—				
Newfoundland .....			4,438,000	4,438,000
Prince Edward Island .....			1,602,000	1,602,000
Nova Scotia .....			9,106,000	9,106,000
New Brunswick .....			9,582,000	9,582,000
Manitoba .....			16,276,000	16,276,000
Saskatchewan .....			14,340,000	14,340,000
British Columbia .....			89,150,000	89,150,000
Yukon .....			1,140,000	1,140,000
Northwest Territories .....			2,974,000	2,974,000
			148,608,000	148,608,000
Net collections or overpayments (-) of corporation income taxes for 1995 .....		559,950,000	148,608,000	411,342,000
<b>Total corporation income taxes on hand .....</b>	<b>227,799,000</b>	<b>2,126,997,720</b>	<b>1,774,812,799</b>	<b>579,983,921</b>
Subtotal .....	-554,991,775	33,165,387,117	32,295,802,798	314,592,544
Amount transferred to accounts receivable <sup>(1)</sup> .....	554,991,775		554,991,775	
<b>Total .....</b>		<b>33,165,387,117</b>	<b>32,850,794,573</b>	<b>314,592,544</b>

<sup>(1)</sup> Since the opening balance of the Provincial Tax Collection Agreements Account is in a debit position, it has been transferred, for reporting purposes, to accounts receivable. Further details are provided in Table 7.7 (Section 7 of this volume).

**Miscellaneous payroll deductions**

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

**Borrowings of consolidated Crown corporations**

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

**Suspense accounts**

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

**Other**

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued, matured debt and unamortized discounts, premiums and commissions pertaining to the issue of unmatured debt.

Table 5.4 presents a summary of the balances for the accounts in this category of current liabilities and allowances.

TABLE 5.4  
INTEREST AND MATURED DEBT

	April 1/1994	March 31/1995
	\$	\$
Interest due .....	3,608,966,528	3,691,386,658
Interest accrued .....	5,443,092,692	6,185,328,938
Matured debt .....	320,394,200	176,988,674
	9,372,453,420	10,053,704,270
Less: unamortized discounts on Canada bills .....	25,025,840	86,585,073
unamortized discounts on Treasury bills .....	2,260,247,008	3,664,704,196
unamortized discounts and premiums on marketable bonds .....	541,073,669	1,392,378,928
unamortized commissions on Canada savings bonds .....	80,494,401	79,299,489
	2,906,840,918	5,222,967,686
Total .....	6,465,612,502	4,830,736,584

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized discounts on Canada bills

This account records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenditures. Discounts are amortized to expenditures over the life of the bills.

Unamortized discounts on Treasury bills

This account records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenditures. Discounts are amortized to expenditures over the life of the bills.

Unamortized discounts and premiums on marketable bonds

This account records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenditures. Discounts and premiums are amortized to expenditures over the life of the bonds.

Unamortized commissions on Canada savings bonds

This account records the portion of the commissions on outstanding Canada savings bonds which has not yet been charged to expenditures. Commissions are amortized to expenditures over the life of the bonds.



## Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave and compensation time, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

## Allowance for Loan Guarantees and Borrowings of Crown Corporations

This category of current liabilities and allowances includes the allowance for loan guarantees and the allowance for borrowings of Crown corporations.

Table 5.5 presents a summary of the balances for the accounts in this category of current liabilities and allowances.

**TABLE 5.5**

### ALLOWANCE FOR LOAN GUARANTEES AND BORROWINGS OF CROWN CORPORATIONS

	April 1/1994	March 31/1995
	\$	\$
Allowance for loan guarantees .....	1,045,000,000	1,250,000,000
Allowance for borrowings of Crown corporations—		
Borrowings of agent enterprise Crown corporations .....	21,324,664,000	22,916,088,000
Less: borrowings expected to be repaid by these enterprise Crown corporations .....	17,439,664,000	18,626,088,000
	<i>3,885,000,000</i>	<i>4,290,000,000</i>
Total .....	4,930,000,000	5,540,000,000

### Allowance for loan guarantees

This account records potential losses on loan guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated.

### Allowance for borrowings of Crown corporations

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 9.6 in Section 9 of this volume).



# SECTION 6

1994-95

## PUBLIC ACCOUNTS

### Interest-Bearing Debt

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## INTEREST-BEARING DEBT

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pension and other accounts.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year, while Chart 6B compares interest-bearing debt for the last ten fiscal years.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

**TABLE 6.1**  
**INTEREST-BEARING DEBT**

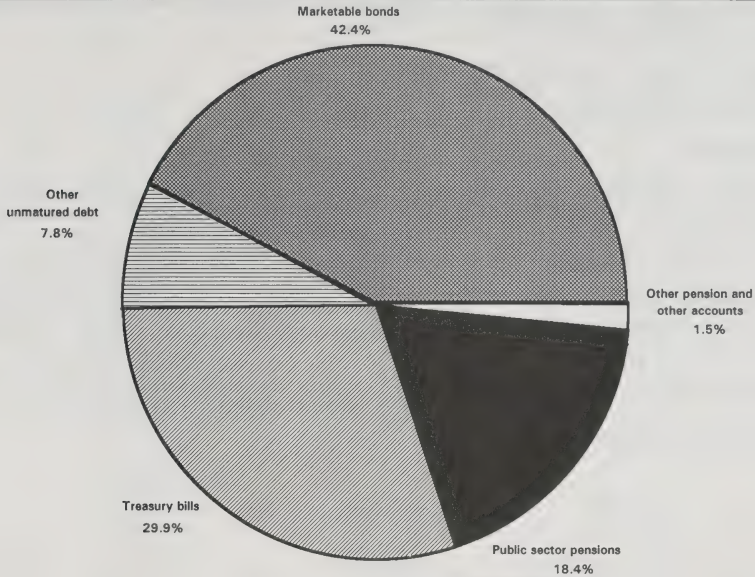
	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
<b>Unmatured debt<sup>(1)</sup>—</b>				
Payable in Canadian currency—				
Marketable bonds, Table 6.2 .....	203,391,757,875	43,495,246,820	21,208,522,441	225,678,482,254
Treasury bills, Table 6.3 .....	166,000,000,000	401,100,000,000	402,650,000,000	164,450,000,000
Canada savings bonds, Table 6.4 .....	30,417,787,295	5,953,346,393	5,911,040,630	30,460,093,058
Bonds for Canada Pension Plan, Table 6.5 .....	3,497,538,000	193,165,000	202,252,000	3,488,451,000
	403,307,083,170	450,741,758,213	429,971,815,071	424,077,026,312
Payable in foreign currencies—				
Marketable bonds, Table 6.2 .....	5,019,441,762	2,855,360,778		7,874,802,540
Canada bills, Table 6.6 .....	5,648,783,461	40,940,636,290 <sup>(2)</sup>	37,543,296,520	9,046,123,231
Currency swap transactions .....		57,184		57,184
	10,668,225,223	43,796,054,252	37,543,296,520	16,920,982,955
<b>Total—Unmatured debt .....</b>	<b>413,975,308,393</b>	<b>494,537,812,465</b>	<b>467,515,111,591</b>	<b>440,998,009,267</b>
<b>Pension and other accounts—</b>				
Public sector pensions, Table 6.11—				
Superannuation accounts .....	93,531,766,100	12,316,974,585	4,241,271,637	101,607,469,048
Allowance for pension adjustments .....	565,000,000	819,000,000	1,959,000,000	-575,000,000
	94,096,766,100	13,135,974,585	6,200,271,637	101,032,469,048
Canada Pension Plan, Table 6.20—				
Canada Pension Plan Account .....	40,951,113,631	14,878,468,199	15,456,754,788	40,372,827,042
Less: securities held by the Canada Pension Plan Investment Fund .....	38,223,394,630	1,449,788,000	193,165,370	36,966,772,000
	2,727,719,001	16,328,256,199	15,649,920,158	3,406,055,042
Other—				
Government Annuities Account .....	735,681,012	48,474,457	91,069,938	693,085,531
PEI Fixed Link .....		726,000,000		726,000,000
Deposit and trust accounts, Table 6.22 .....	1,146,288,283	908,191,344	864,436,109	1,190,043,518
Other specified purpose accounts, Table 6.25 .....	1,827,913,730	1,037,454,502	719,466,632	2,145,901,600
	3,709,883,025	2,720,120,303	1,674,972,679	4,755,030,649
<b>Total—Pension and other accounts .....</b>	<b>100,534,368,126</b>	<b>32,184,351,087</b>	<b>23,525,164,474</b>	<b>109,193,554,739</b>
<b>Total .....</b>	<b>514,509,676,519</b>	<b>526,722,163,552</b>	<b>491,040,276,065</b>	<b>550,191,564,006</b>

<sup>(1)</sup> This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.10.

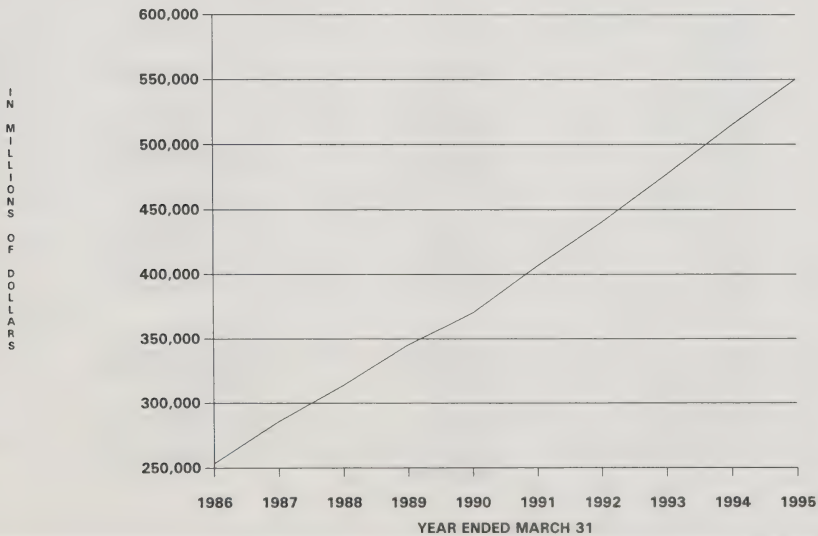
<sup>(2)</sup> This amount represents the difference between amounts receivable and amounts payable resulting from currency swap transactions.



**CHART 6A**  
INTEREST-BEARING DEBT BY CATEGORY FOR 1994-95



**CHART 6B**  
INTEREST-BEARING DEBT



## UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

### Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1995.

**TABLE 6.2**  
**MARKETABLE BONDS**

Maturity date	%	Issue date	Series	April 1/1994	Receipts and other credits <sup>(1)</sup>	Payments and other charges <sup>(1)</sup>	March 31/1995
				\$	\$	\$	\$
Payable in Canadian currency—							
Matured 1994-95							
1994—Apr 1	13	Apr 1/84-May 1/84					
		Aug 22/84	H21	1,025,000,000		1,025,000,000	
May 15	13.75	June 1/84-July 11/84					
		Aug 1/84	H25	1,200,000,000		1,200,000,000	
June 15	9.5	June 15/74-July 1/75					
		Aug 15/75-June 1/76					
		Aug 1/76-Apr 1/77	F85	610,520,000		610,520,000	
July 15	7.75	Apr 16/87	A3	400,000,000		400,000,000	
July 15	13.5	June 19/84	H29	250,000,000		250,000,000	
Sept 15	7	June 15/92-Sept 15/9	A53	3,500,000,000		3,500,000,000	
Oct 1	9.25	June 18/87-July 30/8					
		Feb 1/88-Apr 14/88					
		July 1/89-Aug 1/89					
		Feb 21/91	A6	2,525,000,000		2,525,000,000	
Oct 1	12.75	Sept 12/84	H39	475,000,000		475,000,000	
Dec 1	6.25	Dec 1/67	F23	125,000		125,000	
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000		900,000,000	
Dec 15	9.25	Aug 24/89-Oct 1/89					
		Nov 1/89-July 1/91					
		Sept 1/91	A25	1,700,000,000		1,700,000,000	
1995—Feb 1	11.5	Feb 1/85	H51	375,000,000		375,000,000	
Feb 1	12.25	Nov 14/84-Mar 19/85	H44	725,000,000		725,000,000	
Mar 1	10	Jan 5/88-June 1/88					
		Aug 11/88-Dec 15/89					
		Feb 1/90-Feb 26/90	A12	2,800,000,000		2,800,000,000	
Mar 1	11.75	Dec 15/84-May 1/90	H48	925,000,000		925,000,000	
Mar 15	7	Dec 15/92-Mar 15/93	A58	3,800,000,000		3,800,000,000	
				21,210,645,000		21,210,645,000	

**TABLE 6.2**  
**MARKETABLE BONDS—Continued**

Maturity date	%	Issue date	Series	April 1/1994	Receipts and other credits <sup>(1)</sup>	Payments and other charges <sup>(1)</sup>	March 31/1995
				\$	\$	\$	\$
<b>Maturing 1995-96</b>							
1995—Apr 1	11.25	Feb 19/85-May 1/85					
		May 22/85	H54	1,350,000,000			1,350,000,000
June 1	10.5	June 12/85-July 1/85					
		July 23/85-Sept 1/85	H62	3,100,000,000			3,100,000,000
Sept 15	6.25	Mar 15/90-April 11/9	A62	4,300,000,000			4,300,000,000
Oct 1	6.5	June 15/93-Sept 15/9	F33	100,000,000			100,000,000
Oct 1	10	Oct 1/75-Dec 15/75					
		Feb 1/76-Apr 1/76	F97	652,375,000			652,375,000
Nov 1	8.25	May 8/92	A52	1,500,000,000			1,500,000,000
Dec 15	10.75	Oct 1/85-Oct 23/85					
		Nov 15/85-Mar 15/89					
		July 26/90-Aug 1/90					
		Aug 28/90	H67	3,050,000,000			3,050,000,000
1996—Feb 1	6	Aug 4/92-Jan 6/93	A54	3,500,000,000			3,500,000,000
Mar 1	10.25	Feb 6/86-Dec 15/87					
		Sept 22/88-Oct 1/90					
		Dec 15/90-Feb 1/91					
		Feb 14/91	H76	2,600,000,000			2,600,000,000
Mar 15	4.75	Dec 15/93-Mar 15/94	A71	4,900,000,000			4,900,000,000
				25,052,375,000			25,052,375,000
<b>Maturing 1996-97</b>							
1996—May 1	9.25	Apr 10/86-June 1/87					
		July 1/87-Mar 31/88					
		July 27/89-Aug 31/89	H80	3,300,000,000			3,300,000,000
June 1	8.75	Apr 28/86-May 22/86					
		July 24/86-Oct 1/86					
		Dec 15/86-May 1/87	H84	2,175,000,000			2,175,000,000
Aug 1	6.5	Apr 13/93-July 13/93	A59	3,800,000,000			3,800,000,000
Sept 15	3	Sept 15/36	P1	55,000,000			55,000,000
Sept 15	7.75	June 15/94-Sept 15/94	A74		5,100,000,000		5,100,000,000
Oct 1	9.25	May 1/91-June 20/91					
		July 1/91-Sept 1/91					
		Sept 19/91	A42	3,425,000,000			3,425,000,000
1997—Mar 1	8.25	Jan 29/87-Feb 19/87					
		Mar 15/87-Oct 31/91					
		Nov 28/91-Dec 15/91	H97	3,400,000,000			3,400,000,000
Mar 15	8	Dec 15/94-Mar 15/95	A78		4,800,000,000		4,800,000,000
				16,155,000,000	9,900,000,000		26,055,000,000
<b>Maturing 1997-98</b>							
1997—May 15	9.25	May 15/77-July 1/77					
		Sept 1/77-Feb 1/78	J9	876,000,000			876,000,000
July 1	7.5	Feb 1/92-June 1/92					
		July 1/92	A50	4,200,000,000			4,200,000,000
Oct 1	9.75	Aug 13/87-Sept 1/87					
		Nov 15/87-Feb 1/88					
		May 12/88-Jan 4/90					
		Feb 21/91	A8	2,775,000,000			2,775,000,000
1998—Feb 1	6.25	Sept 1/92-Oct 15/92					
		Dec 1/92-Mar 5/93	A56	6,600,000,000			6,600,000,000
Mar 15	3.75	Sept 15/56	T15 <sup>(2)</sup>	197,045,000			197,045,000
Mar 15	10.75	Oct 15/87-Mar 15/89					
		Apr 13/89-Aug 16/90	A10	2,225,000,000			2,225,000,000
				16,873,045,000			16,873,045,000
<b>Maturing 1998-99</b>							
1998—Sept 1	6.5	May 1/93-June 1/93					
		Sept 1/93-Oct 29/93	A60	6,800,000,000			6,800,000,000
Oct 1	9.5	June 30/88-July 21/					
		Nov 15/88-July 1/89					
		Aug 15/91	A17	3,100,000,000			3,100,000,000
Dec 1	10.25	Sept 1/88-Oct 15/88					
		Dec 15/88-Jan 26/89	A18	2,275,000,000			2,275,000,000
1999—Mar 1	5.75	Dec 1/93-Dec 29/93					
		Mar 1/94	A70	6,700,000,000			6,700,000,000
				18,875,000,000			18,875,000,000

**TABLE 6.2**  
**MARKETABLE BONDS—Continued**

Maturity date	%	Issue date	Series	April 1/1994	Receipts and other credits <sup>(1)</sup>	Payments and other charges <sup>(1)</sup>	March 31/1995
				\$	\$	\$	\$
<b>Maturing 1999-2000</b>							
1999—Sept 1	7.75	Apr 15/94-June 1/94					
		July 4/94-Sept 1/94	A73		8,500,000,000		8,500,000,000
Oct 15	9	Oct 15/77-Dec 15/77	J13	527,500,000			527,500,000
Dec 1	13.5	Dec 1/80	J53	400,000,000			400,000,000
Dec 1	9.25	Sept 21/89-Oct 1/89					
		Nov 16/89-Dec 15/89	A27	2,825,000,000			2,825,000,000
2000—Mar 1	8.5	Oct 1/94-Dec 1/94					
		Mar 1/95	A77		6,500,000,000		6,500,000,000
Mar 15	13.75	Mar 31/80-Mar 1/81					
		Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,000
				4,802,500,000	15,000,000,000		19,802,500,000
<b>Maturing 2000-01</b>							
2000—May 1	9.75	Feb 1/90-Feb 15/90	A30	1,575,000,000			1,575,000,000
July 1	10.5	Mar 15/90-Mar 29/90					
		June 21/90-Aug 1/90	A32	2,900,000,000			2,900,000,000
July 1	15	July 1/81	J70	175,000,000			175,000,000
Sept 1	11.5	May 1/90-Nov 1/90	A33	1,200,000,000			1,200,000,000
Dec 15	9.75	Dec 15/78	J22	500,000,000			500,000,000
2001—Feb 1	15.75	June 1/81-July 31/81	J66	425,000,000			425,000,000
Mar 1	10.5	Sept 20/90-Oct 1/90					
		Dec 15/90-Feb 1/91	A37	3,175,000,000			3,175,000,000
				9,950,000,000			9,950,000,000
<b>Maturing 2001-02</b>							
2001—May 1	13	May 1/80-Oct 1/80					
		Feb 1/81	J42	1,325,000,000			1,325,000,000
June 1	9.75	Feb 21/91-Mar 1/91					
		Mar 28/91-May 16/91	A40	3,550,000,000			3,550,000,000
Oct 1	9.5	Oct 1/76-Dec 1/76					
		Apr 1/78-May 15/78					
		July 1/78	J2	1,232,750,000			1,232,750,000
Dec 1	9.75	July 1/91-July 18/91					
		Sept 1/91-Oct 1/91	A45	3,850,000,000			3,850,000,000
2002—Feb 1	8.75	Feb 1/77	J7	213,000,000			213,000,000
Mar 15	15.5	Mar 31/82-May 1/82	J79	350,000,000			350,000,000
				10,520,750,000			10,520,750,000
<b>Maturing 2002-03</b>							
2002—Apr 1	8.5	Nov 14/91-Dec 15/91					
		Mar 1/92-May 1/92					
		July 15/92	A47	5,450,000,000			5,450,000,000
May 1	10	May 1/79-June 1/79					
		July 15/79	J25	1,850,000,000			1,850,000,000
Dec 15	11.25	Dec 15/79-July 1/80					
		May 15/83	J34	1,625,000,000			1,625,000,000
2003—Feb 1	11.75	Feb 1/80-June 1/80					
		Aug 1/80-Feb 1/83					
		Apr 27/83-June 21/83					
		July 12/83	J35	2,700,000,000			2,700,000,000
				11,625,000,000			11,625,000,000
<b>Maturing 2003-04</b>							
2003—June 1	7.25	Sept 25/92-Oct 26/92					
		Nov 20/92-Jan 18/93					
		Feb 15/93	A57	6,900,000,000			6,900,000,000
Oct 1	9.5	Aug 15/78-Oct 1/78	J18	670,500,000			670,500,000
Dec 1	7.5	May 21/93-July 1/93					
		Aug 16/93-Sept 28/93					
		Nov 15/93	A61	8,800,000,000			8,800,000,000
2004—Feb 1	10.25	Feb 1/79-Mar 15/79					
		Mar 21/79-Aug 15/79	J24	2,200,000,000			2,200,000,000
				18,570,500,000			18,570,500,000



**TABLE 6.2**  
**MARKETABLE BONDS—Continued**

Maturity date	%	Issue date	Series	April 1/1994	Receipts and other credits <sup>(1)</sup>	Payments and other charges <sup>(1)</sup>	March 31/1995
				\$	\$	\$	\$
Maturing 2004-05							
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000
June 1	6.5	Jan 14/94-Feb 15/94					
		Apr 1/94-May 15/94	A72	4,000,000,000	3,900,000,000		7,900,000,000
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000
Dec 1	9	July 15/94-Aug 15/94					
		Nov 15/94-Feb 15/95	A75		7,700,000,000		7,700,000,000
2005—Mar 1	12	Oct 15/83-Nov 8/83					
		Dec 15/83-Feb 1/84					
		Feb 21/84-Dec 15/84	H9	1,775,000,000			1,775,000,000
				7,200,000,000	11,600,000,000		18,800,000,000
Maturing 2005-06							
2005—Sept 1	12.25	Aug 1/83-Sept 1/83					
		Sept 27/83-Apr 10/85	H6	1,375,000,000			1,375,000,000
2006—Mar 1	12.5	Mar 13/84-Nov 14/84					
		Mar 19/85	H18	975,000,000			975,000,000
				2,350,000,000			2,350,000,000
Maturing 2006-07							
2006—Oct 1	14	June 1/84-July 11/84					
		Aug 1/84	H26	1,025,000,000			1,025,000,000
2007—Mar 1	13.75	June 19/84	H30	325,000,000			325,000,000
				1,350,000,000			1,350,000,000
Maturing 2007-08							
2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700,000,000
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			750,000,000
				1,450,000,000			1,450,000,000
Maturing 2008-09							
2008—June 1	10	Dec 15/85-Sept 1/87					
		Feb 1/88-Apr 14/88					
		June 1/88-July 21/88					
		Oct 15/88-Dec 15/88					
		Feb 23/89-June 1/89	H74	3,450,000,000			3,450,000,000
Oct 1	11.75	Feb 1/85-May 1/85	H52	725,000,000			725,000,000
2009—Mar 1	11.5	May 22/85	H58	400,000,000			400,000,000
				4,575,000,000			4,575,000,000
Maturing 2009-10							
2009—June 1	11	Oct 1/85-Oct 23/85					
		Oct 15/87	H68	925,000,000			925,000,000
Oct 1	10.75	June 12/85-July 1/85					
		Sept 1/85-Sept 1/88	H63	1,300,000,000			1,300,000,000
2010—Mar 1	9.75	Mar 15/86	H79	325,000,000			325,000,000
				2,550,000,000			2,550,000,000
Maturing 2010-11							
2010—June 1	9.5	Apr 10/86-July 1/87					
		July 1/89-Aug 10/89					
		Oct 1/89-Dec 15/89					
		Feb 1/90	H81	2,975,000,000			2,975,000,000
Oct 1	8.75	Apr 28/86	H85	325,000,000			325,000,000
2011—Mar 1	9	July 3/86-Sept 2/86					
		Oct 23/86-Dec 15/86					
		May 1/87-Mar 15/88	H87	1,975,000,000			1,975,000,000
				5,275,000,000			5,275,000,000
Maturing 2011-12							
2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750,000,000
Maturing 2013-14							
2014—Mar 15	10.25	Mar 15/89-Mar 30/89					
		Mar 15/90-July 1/90					
		Aug 1/90-Feb 21/91	A23	3,150,000,000			3,150,000,000

**TABLE 6.2**  
**MARKETABLE BONDS—Concluded**

Maturity date	%	Issue date	Series	April 1/1994	Receipts and other credits <sup>(1)</sup>	Payments and other charges <sup>(1)</sup>	March 31/1995
				\$	\$	\$	\$
Maturing 2015-16 2015—June 1	11.25	May 1/90-May 31/90 Oct 1/90-Nov 15/90	A34	2,350,000,000			2,350,000,000
Maturing 2019-20 2019—Dec 31	10.186	Mar 23/90	M1	8,436,324			8,436,324
Maturing 2020-21 2021—Mar 15	10.5	Dec 15/90-Jan 9/91 Feb 1/91	A39	1,800,000,000			1,800,000,000
Maturing 2021-22 2021—June 1	9.75	May 9/91-June 1/91 July 1/91-Aug 1/91 Sept 1/91-Oct 17/91	A43	4,650,000,000			4,650,000,000
Dec 1	4.25 <sup>(3)</sup>	Dec 10/91-Oct 14/92 May 1/93-Dec 1/93 Jun 21/94-Sept 15/9	L25	2,801,490,551 7,451,490,551	1,911,855,379 1,911,855,379		4,713,345,930 9,363,345,930
Maturing 2022-23 2022—June 1	9.25	Dec 15/91-Jan 3/92 May 15/92	A49	2,550,000,000			2,550,000,000
Maturing 2023-24 2023—June 1	8	Aug 17/92-Feb 1/93 Apr 1/93-July 26/93 Oct 15/93-Feb 1/94 May 2/94	A55	7,000,000,000	1,200,000,000		8,200,000,000
Maturing 2025-26 2025—June 1	9	Aug 2/94-Nov 1/94 Feb 1/95	A76		3,900,000,000		3,900,000,000
Less: Government's holdings				203,444,741,875 52,984,000	43,511,855,379 16,608,559	21,210,645,000 2,122,559	225,745,952,254 67,470,000
Total marketable bonds (Canadian currency)				203,391,757,875	43,495,246,820	21,208,522,441	225,678,482,254
Payable in foreign currencies—							
US dollars—							
1995—July 15	10.125	July 15/85		177,191,762	2,010,778		179,202,540
Nov 21	10	Nov 21/85		691,750,000	7,850,000		699,600,000
1996—Feb 27	9	Feb 27/86		1,383,500,000	15,700,000		1,399,200,000
1997—July 7	6.5	July 7/94			2,798,400,000		2,798,400,000
1999—Feb 10	<sup>(4)</sup>	Feb 10/94		2,767,000,000	31,400,000		2,798,400,000
Total marketable bonds (foreign currencies)				5,019,441,762	2,855,360,778		7,874,802,540
Total				208,411,199,637	46,350,607,598	21,208,522,441	233,553,284,794

<sup>(1)</sup> This column includes the translation of marketable bonds payable in foreign currencies to Canadian dollars using closing rates of exchange at March 31.<sup>(2)</sup> Subject to redemption before maturity.<sup>(3)</sup> The rate of return of this issue is linked to the Consumer Price Index for Canada.<sup>(4)</sup> The rate of interest is variable throughout the year.

## Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1995 consists of \$4,550 million in odd issue bills; \$50,400 million in three-month bills; \$48,900 million in six-month bills; and, \$60,600 million in 364-day bills.

Table 6.3 presents a monthly summary of Treasury bill issues and redemptions.

**TABLE 6.3**

**TREASURY BILLS**  
(in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1994.....	15,800	7,800	9,100	32,700	16,800	8,000	6,300	31,100	1,600
May.....	15,100	7,500	7,850	30,450	15,200	8,200	7,950	31,350	-900
June.....	20,900	10,500	8,650	40,050	18,600	10,300	10,300	39,200	850
July.....	15,700	7,800	8,000	31,500	15,800	8,300	8,950	33,050	-1,550
August.....	14,000	6,900	6,750	27,650	15,100	7,700	7,500	30,300	-2,650
September.....	19,500	9,700	8,200	37,400	20,900	9,000	5,550	35,450	1,950
October.....	17,000	8,500	8,650	34,150	15,700	7,800	7,300	30,800	3,350
November.....	13,200	6,500	6,000	25,700	14,000	7,500	10,250	31,750	-6,050
December.....	19,000	9,200	8,100	36,300	19,500	10,500	9,350	39,350	-3,050
January, 1995.....	14,800	7,300	8,150	30,250	17,000	7,800	6,750	31,550	-1,300
February.....	14,200	6,800	11,400	32,400	13,200	6,900	9,850	29,950	2,450
March.....	21,400	10,600	10,550	42,550	19,000	9,700	10,100	38,800	3,750
Balance at April 1, 1994.....	200,600	99,100	101,400	401,100	200,800	101,700	100,150	402,650	-1,550
									166,000
Balance at March 31, 1995.....									164,450

## Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;
- not subject to call before maturity; and,
- term to maturity of seven years or more.

Table 6.4 presents a summary of the balances and transactions for Canada savings bonds.

**TABLE 6.4**  
CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
				\$	\$	\$	\$
1997—Nov 1	4.25-5.5-6.5-5.75	1987-88 .....	S42	4,513,410,500		597,049,700	3,916,360,800
1998—Nov 1	4.25-5.5-6.5-5.75	1988-89 .....	S43	4,266,672,300		556,253,050	3,710,419,250
2001—Nov 1	4.25-5.5-6.5-5.75	1989-90 .....	S44	3,408,205,700		451,699,200	2,956,506,500
2002—Nov 1	4.25-5.5-6.5-5.75	1990-91 .....	S45	3,169,865,900		463,043,650	2,706,822,250
2003—Nov 1	4.25-5.5-6.5-5.75	1991-92 .....	S46	4,871,273,500		931,870,800	3,939,402,700
2004—Nov 1	4.25-5.5-6.5-5.75	1992-93 .....	S47	5,947,116,000		1,379,621,400	4,567,494,600
2005—Nov 1	4.25-5.5-6.5-5.75	1993-94 .....	S48	5,154,308,952		2,142,556,752	3,011,752,200
2006—Nov 1	5.75	1994-95 .....	S49 <sup>(1)</sup>		7,550,140,181	972,575,200	6,577,564,981
				31,330,852,852	7,550,140,181	7,494,669,752	31,386,323,281
Less: Government's holdings—							
Canada savings bonds held on account of employees.....				95,718,557	234,477,404	237,477,238	92,718,723
Canada savings bonds held on account of the Payroll Savings Plan .....				760,931,000	1,360,018,384	1,346,151,884	774,797,500
Consolidation adjustment <sup>(2)</sup> .....				56,416,000	2,298,000		58,714,000
				913,065,557	1,596,793,788	1,583,629,122	926,230,223
Total .....				30,417,787,295	5,953,346,393	5,911,040,630	30,460,093,058

<sup>(1)</sup> S49 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

<sup>(2)</sup> Additional information on consolidated Crown corporations is provided in Section 4 of this volume.



## Bonds for Canada Pension Plan

Bonds for Canada Pension Plan are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi-annually; and,
- redeemable at face value plus accrued interest.

Table 6.5 presents a summary of the balances and transactions for these bonds for Canada Pension Plan.

**TABLE 6.5**  
**BONDS FOR CANADA PENSION PLAN**

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Canada Pension Plan Investment Fund—				
Matured 1994-95 .....	9,087,000	193,165,000	202,252,000	
Maturing 1995-96 .....	10,217,000			10,217,000
1996-97 .....	10,651,000			10,651,000
1997-98 .....	11,351,000			11,351,000
1998-99 .....	12,015,000			12,015,000
1999-2000 .....	17,709,000			17,709,000
2000-01 .....	22,971,000			22,971,000
2001-02 .....	17,622,000			17,622,000
2002-03 .....	17,414,000			17,414,000
2003-04 .....	17,259,000			17,259,000
2004-05 .....	16,661,000			16,661,000
2005-06 .....	239,955,000			239,955,000
2006-07 .....	1,352,282,000			1,352,282,000
2007-08 .....	699,981,000			699,981,000
2008-09 .....	519,360,000			519,360,000
2009-10 .....	71,112,000			71,112,000
2010-11 .....	425,010,000			425,010,000
2011-12 .....	15,763,000			15,763,000
2012-13 .....	11,118,000			11,118,000
<b>Total .....</b>	<b>3,497,538,000</b>	<b>193,165,000</b>	<b>202,252,000</b>	<b>3,488,451,000</b>

## Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and,
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1995.

Table 6.6 presents a monthly summary of Canada bill issues and redemptions.

**TABLE 6.6**  
**CANADA BILLS**

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1994.....	3,886,643,555	3,407,635,571	479,007,984
May.....	3,723,779,605	3,257,781,668	465,997,937
June.....	4,501,359,554	3,332,618,285	1,168,741,269
July.....	2,928,275,719	2,791,144,405	137,131,314
August.....	2,697,034,267	3,671,030,020	-973,995,753
September.....	2,239,467,826	2,706,433,324	-466,965,498
October.....	2,497,566,865	3,508,546,394	-1,010,979,529
November.....	1,062,242,867	1,799,189,462	-736,946,595
December.....	3,896,148,005	3,037,354,484	858,793,521
January, 1995.....	5,948,397,986	2,726,396,824	3,222,001,162
February.....	3,290,568,144	3,556,418,108	-265,849,964
March.....	4,269,151,897	3,689,496,999	579,654,898
Balance at April 1, 1994.....	40,940,636,290	37,484,045,544	3,456,590,746
Balance before revaluation.....			9,105,374,207
Exchange valuation adjustment at March 31, 1995.....			59,250,976
Balance at March 31, 1995.....			9,046,123,231

## Interest Rates

Table 6.7 sets out unmatured debt as at March 31, for each of the years 1990-91 to 1994-95 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as to marketable bonds, Treasury bills, non-marketable bonds (include Canada savings bonds and the bonds for the Canada Pension Plan), Canada bills and notes and loans.

**TABLE 6.7**  
UNMATURED DEBT AS AT MARCH 31, FROM 1991 TO 1995, WITH THE AVERAGE RATE OF INTEREST THEREON

	Marketable bonds		Treasury bills		Canada savings bonds		Bonds for the Canada Pension Plan		Canada bills		Notes and loans		Total unmatured debt	
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1995 .....	233,554	8.58	164,450	7.60	30,460	5.75	3,488	10.21	9,046	6.16			440,998	7.97
1994 .....	208,411	8.79	166,000	4.47	30,418	5.5	3,497	10.20	5,649	3.44			413,975	6.75
1993 .....	181,270	9.59	162,050	6.39	33,364	6	3,505	10.20	2,552	3.19			382,741	7.88
1992 .....	161,488	10.25	152,300	7.68	34,589	7.5	3,501	10.19			7	8.5	351,885	8.86
1991 .....	146,989	10.52	139,150	10.97	33,250	10.75	3,492	10.19	1,008	6.42	14	8.5	323,903	10.72

Note: Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 6.8 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1990-91 to 1994-95 inclusively.

**TABLE 6.8**  
TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended March 31	High	Low	Last issue
	%	%	%
Three-month bills—			
1995 .....	8.35	5.29	8.22
1994 .....	5.39	3.62	5.39
1993 .....	8.57	4.68	5.21
1992 .....	9.56	6.83	7.24
1991 .....	13.80	9.66	9.67
Six-month bills—			
1995 .....	8.54	5.59	8.28
1994 .....	5.88	3.75	5.88
1993 .....	8.58	4.69	5.57
1992 .....	9.41	6.84	7.41
1991 .....	13.84	9.54	9.66
Other bills—			
1995 .....	8.96	4.84	8.27
1994 .....	6.26	3.93	6.25
1993 .....	8.18	4.84	4.87
1992 .....	9.62	6.90	7.14
1991 .....	13.93	9.22	9.56

## Maturity of Government Debt

Table 6.9 presents total unmatured debt arranged in order of maturity.

**TABLE 6.9**  
MATURITY OF GOVERNMENT DEBT

	Marketable bonds		Treasury bills		Canada savings bonds		Bonds for the Canada Pension Plan		Canada bills		Total unmatured debt	
	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate	Amount	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1996 .....	27,331	8.02	164,450	7.60			10	8.94	9,046	6.16	200,837	7.59
1997 .....	26,055	8.14					11	9.00			26,066	8.14
1998 .....	19,671	7.66			3,917	5.75	11	9.08			23,599	7.35
1999 .....	21,674	7.03			3,710	5.75	12	9.56			25,396	6.84
2000 .....	19,803	8.68					17	10.51			19,820	8.68
2001/05 .....	69,466	9.12			14,170	5.75	92	13.58			83,728	8.56
2006/10 .....	12,275	11.52			9,589	5.75	2,883	9.96			24,747	9.10
2011/15 .....	9,175	9.54					452	11.19			9,627	9.62
2016/20 .....	2,358	11.25									2,358	11.25
2021/25 .....	21,913	7.92									21,913	7.92
2026 .....	3,900	9.00									3,900	9.00
	233,621	8.58	164,450	7.60	31,386	5.75	3,488	10.21	9,046	6.16	441,991	7.98
Less: Government's holdings .....	67	8.19			926	5.75					993	5.92
	233,554	8.58	164,450	7.60	30,460	5.75	3,488	10.21	9,046	6.16	440,998	7.97

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.10.

## Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.10 presents the information required by section 49 of the *Financial Administration Act*. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

**TABLE 6.10**  
STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY  
(in millions of dollars)

	April 1/1994	Issues/ Borrowings	Retirements	March 31/1995
Unmatured debt of the Government of Canada <sup>(1)</sup> .....	413,975	494,538	467,515	440,998
Borrowings of enterprise Crown corporations designated as agents of Her Majesty <sup>(2)</sup> .....	21,325	63,019	61,428	22,916
Total .....	435,300	557,557	528,943	463,914

<sup>(1)</sup> Details can be found in this section.

<sup>(2)</sup> Details can be found in Section 9 (Table 9.6) of this volume.

## PENSION AND OTHER ACCOUNTS

Pension and other accounts are specified purpose accounts which represent the recorded value of the financial obligations of the Government in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

### Public Sector Pensions

The liability for public sector pensions represents the Government's obligations for its major pension plans. An allowance account is used to record the accumulated amortization of any shortfall or excess between the liability for public sector pensions and the balances of the superannuation accounts as determined on an actuarial basis for accounting purposes.

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The legislation provides that all pension obligations arising from these plans be met but separate funds are not maintained.

#### i. Pension plans

##### *Employee pension plans*

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7.5 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1994-95, the employer contribution rates averaged about 1.4, 2.6 and 2.1 times the current year's employee contribution for the plans of the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

To reflect the *Income Tax Act* restrictions on the benefits payable from registered pension plans, pension legislation (*Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act*) introduced a number of provisions, including the *Special Retirement Arrangements Act* (SRAA), to allow various federal service superannuation plans to adapt to the tax restrictions. During the year, the *Public Service Superannuation Act* was amended to specify that contributions and benefits under that Act will be based on a maximum salary rate to be determined each year. A retirement compensation arrangement account was also established under the SRAA to record transactions for those pension benefits above the limits allowed under the *Income Tax Act*.

The *Public Service Superannuation Act* also covers the employees of certain Public Service corporations. Those corporations covered by the *Public Service Superannuation Act* need only match their employees' contribution; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 10.5 percent for 1994 and 10.4 percent for 1995.



*Members of Parliament retiring allowances*

Members of Parliament are eligible to receive a basic retiring allowance upon termination of membership after having contributed to the plan for at least six years. The basic allowance is based on the best six year average sessional indemnity and is accrued at a rate of 5 percent and 3 percent of these average indemnities for Members of the House of Commons and for Senators, respectively. Basic allowances are indexed annually (on January 1) to the cost of living.

Members' contributions for these benefits are 11 percent for Members of the House of Commons and 7 percent for Senators. The Government contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions expressed as a multiple of Members' contributions, are as follows:

	1995	1994
<b>Members of Parliament</b>		
House of Commons		
Retiring allowances account.....	2.34	2.48
Retiring compensation arrangements.....	7.24	7.83
<b>The Senate</b>		
Retirement allowances account.....	1.77	1.62
Retirement compensation arrangements.....	2.85	2.79

Contributions are credited to the appropriate superannuation accounts. The accounts earn interest at a rate of 2.5 percent per quarter.

*Pension plan for federally appointed judges*

This plan provides fully-indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits instead, the full benefit amount is generally payable when the member reaches age 65 and completed 15 years of pensionable service.

Judges appointed to the bench before February 17, 1975 make required contributions of 1.5 percent of salary. All other judges make contributions of 7 percent of salary. No specified purpose account is maintained for this pension plan. Benefits are included in the Statement of Revenues and Expenditures as a component of other transfer payments. During the year, the benefit payments charged to expenditures amounted to \$35 million.

*ii. Actuarial valuations*

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed triennially on the five major pension plans using the projected benefit method pro-rated on services.

The most recent review date for the actuarial valuation of each pension plan is as follows:

Public Service—December 31, 1992;

Canadian Forces—December 31, 1993;

Royal Canadian Mounted Police—December 31, 1992;

Federally appointed judges—March 31, 1994;

Members of Parliament—December 31, 1991.

As at March 31, 1995, the actuarial valuation reports for the Canadian Forces and the federally appointed judges pension plans were not tabled before Parliament.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency found will be divided into equal instalments and credited to the appropriate account over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. In the current year, no actuarial deficit was credited to the appropriate accounts.

Table 6.11 presents a summary of the balances and transactions for the liability for public sector pensions. Receipts and other credits for the superannuation accounts consist of contributions from employees, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments and interest. Payments and other charges for the superannuation accounts consist of annuity payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, and transfers to other plans. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes.

**TABLE 6.11****PUBLIC SECTOR PENSIONS**

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Public Service Superannuation Account,				
Table 6.13 .....	55,094,335,222	7,520,098,008	2,673,302,789	59,941,130,441
Allowance for pension adjustments .....	494,000,000	225,000,000	922,000,000	-203,000,000
	55,588,335,222	7,745,098,008	3,595,302,789	59,738,130,441
Canadian Forces Superannuation Account,				
Table 6.14 .....	32,021,514,134	3,922,427,569	1,399,367,847	34,544,573,856
Allowance for pension adjustments .....	-384,000,000		898,000,000	-1,282,000,000
	31,637,514,134	3,922,427,569	2,297,367,847	33,262,573,856
Royal Canadian Mounted Police Superannuation Account,				
Table 6.15 .....	6,138,413,983	827,900,928	146,500,945	6,819,813,966
Allowance for pension adjustments .....	-128,000,000		130,000,000	-258,000,000
	6,010,413,983	827,900,928	276,500,945	6,561,813,966
Members of Parliament Retiring Allowances Account,				
Table 6.16 .....	224,726,544	25,816,503	15,491,120	235,051,927
Allowance for pension adjustments .....	47,000,000		5,000,000	42,000,000
	271,726,544	25,816,503	20,491,120	277,051,927
Members of Parliament Retirement Compensation Arrangements Account, Table 6.17 .....	15,832,492	12,693,727	6,562,783	21,963,436
Allowance for pension adjustments .....	15,832,492	12,693,727	6,562,783	21,963,436
Retirement Compensation Arrangements Account, Table 6.18 .....		1,646,984	187	1,646,797
Allowance for pension adjustments .....		594,000,000		594,000,000
		595,646,984	187	595,646,797
Supplementary Retirement Benefits Account,				
Table 6.19 .....	36,943,725	6,390,866	45,966	43,288,625
Allowance for pension adjustments .....	536,000,000		4,000,000	532,000,000
	572,943,725	6,390,866	4,045,966	575,288,625
<b>Total .....</b>	<b>94,096,766,100</b>	<b>13,135,974,585</b>	<b>6,200,271,637</b>	<b>101,032,469,048</b>
<b>SUMMARY—</b>				
Superannuation accounts .....	93,531,766,100	12,316,974,585	4,241,271,637	101,607,469,048
Allowance for pension adjustments .....	565,000,000	819,000,000	1,959,000,000	-575,000,000
<b>Total .....</b>	<b>94,096,766,100</b>	<b>13,135,974,585</b>	<b>6,200,271,637</b>	<b>101,032,469,048</b>

Table 6.12 presents a summary of transactions in public sector pensions that resulted in charges to expenditures.

TABLE 6.12

## SUMMARY OF TRANSACTIONS IN PUBLIC SECTOR PENSIONS THAT RESULTED IN CHARGES TO EXPENDITURES

(in millions of dollars)

	1994-95						Total	1993-94
	Statutory payments under				Total before allowance for pension adjustments	Allowance for pension adjustments		
	Government contributions	Interest	Various acts	Supplementary Retirement Benefits Act				
Public Service Superannuation Account .....	883	5,715			6,598	-697	5,901	5,597
Canadian Forces Superannuation Account .....	437	3,313			3,750	-898	2,852	2,840
Defence Services Pension Continuation Act .....			4	13	17		17	18
Royal Canadian Mounted Police Superannuation Account .....	126	642			768	-130	638	618
Royal Canadian Mounted Police Continuation Act .....			29		29		29	21
Members of Parliament Retiring Allowances Account .....	2	23			25	-5	20	20
Members of Parliament Retirement Compensation Arrangements Account .....	9	2			11		11	5
Retirement Compensation Arrangements Account .....	1				1	594	595	
Supplementary Retirement Benefits Account .....	1	4			5	-4	1	3
Judges Act .....			35		35		35	
Other (diplomatic services, lieutenant governors, etc.) .....			1		1		1	
Total .....	1,459	9,699	69	13	11,240	-1,140	10,100	9,122

**Public Service Superannuation Account**

This account is operated under the *Public Service Superannuation Act*.

No actuarial liability adjustment was made in either 1993-94 or 1994-95 as a result of triennial actuarial reviews.

**TABLE 6.13****PUBLIC SERVICE SUPERANNUATION ACCOUNT**

	1994-95	1993-94
	\$	\$
Opening balance .....	55,094,335,222	50,584,758,259
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions—		
Government employees .....	577,806,599	588,536,304
Retired employees .....	35,947,049	34,509,816
Public Service corporation employees .....	153,050,504	153,831,433
Employer contributions—		
Government .....	883,289,923	849,843,777
Public Service corporations .....	148,683,231	150,077,158
Transfers from other pension funds .....	5,977,720	5,262,037
Interest .....	5,715,342,982	5,356,697,661
	7,520,098,008	7,138,758,186
	62,614,433,230	57,723,516,445
<b>PAYMENTS AND OTHER CHARGES—</b>		
Annuities .....	2,510,754,710	2,405,660,821
Cash termination allowances .....	99,880	165,805
Minimum benefits .....	16,069,539	15,779,292
Returns of contributions—		
Government employees .....	62,498,944	54,601,288
Public Service corporation employees .....	26,187,734	23,357,453
Transfers to other pension funds .....	57,691,982	129,616,564
	2,673,302,789	2,629,181,223
Closing balance .....	59,941,130,441	55,094,335,222

**Canadian Forces Superannuation Account**

This account is operated under the *Canadian Forces Superannuation Act*.

No actuarial liability adjustment was made in either 1993-94 or 1994-95 as a result of triennial actuarial reviews.

**TABLE 6.14****CANADIAN FORCES SUPERANNUATION ACCOUNT**

	1994-95	1993-94
	\$	\$
Opening balance .....	32,021,514,134	29,578,643,755
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions from personnel .....	167,803,189	176,279,490
Contributions by the Government .....	437,190,753	434,903,319
Interest .....	3,312,672,981	3,125,140,102
Other .....	4,760,646	6,014,851
	3,922,427,569	3,742,337,762
	35,943,941,703	33,320,981,517
<b>PAYMENTS AND OTHER CHARGES—</b>		
Pensions and retiring allowance payments .....	1,366,275,533	1,271,675,489
Cash termination allowances and returns of contributions .....	32,036,607	26,893,733
Transfers to Public Service Superannuation Account (Treasury Board) .....	1,055,707	898,161
	1,399,367,847	1,299,467,383
Closing balance .....	34,544,573,856	32,021,514,134

### Royal Canadian Mounted Police Superannuation Account

This account is operated under the *Royal Canadian Mounted Police Superannuation Act*.

No actuarial liability adjustment was made in either 1993-94 or 1994-95 as a result of triennial actuarial reviews.

TABLE 6.15

#### ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	1994-95	1993-94
	\$	\$
Opening balance .....	6,138,413,983	5,491,456,788
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears) .....	59,763,752	60,296,183
Transfers from other pensions funds .....	297,352	589,955
Contributions by the Government .....	125,890,057	125,972,405
Interest .....	641,949,767	587,329,582
	827,900,928	774,188,125
	6,966,314,911	6,265,644,913
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments .....	144,634,567	125,516,035
Return of contributions .....	1,451,738	1,354,088
Cash termination allowance and gratuities .....	73,504	64,581
Transfers to other pension funds .....	118,450	109,675
Interest on returns of contributions .....	222,686	186,551
	146,500,945	127,230,930
Closing balance .....	6,819,813,966	6,138,413,983

### Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to the surviving spouse and/or dependent children of Members who served on or after April 8, 1963 and contributed under the Act.

TABLE 6.16

#### MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1994-95	1993-94
	\$	\$
Opening balance .....	224,726,544	213,666,592
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current .....	972,578	944,626
Arrears of principal, interest and mortality insurance .....	97,961	104,017
Government contributions—		
Current .....	1,884,100	2,064,761
Interest .....	22,861,864	21,882,703
	25,816,503	24,996,107
	250,543,047	238,662,699
PAYMENTS AND OTHER CHARGES—		
Annual allowances .....	15,432,287	12,084,079
Withdrawal allowances .....	54,599	1,734,079
Interest on withdrawals .....	4,234	117,997
	15,491,120	13,936,155
Closing balance .....	235,051,927	224,726,544



## Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to the surviving spouse and/or dependent children of Members.

TABLE 6.17

### MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

	1994-95	1993-94
	\$	\$
Opening balance .....	15,832,492	9,996,665
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current .....	1,610,329	1,553,821
Government contributions—		
Current .....	9,058,349	10,394,866
Interest .....	2,025,049	1,487,793
	12,693,727	13,436,480
	28,526,219	23,433,145
PAYMENTS AND OTHER CHARGES—		
Annual allowances .....	727,802	391,546
Refundable tax remitted to		
Revenue Canada .....	5,807,226	6,637,345
Withdrawals .....	27,755	571,762
	6,562,783	7,600,653
Closing balance .....	21,963,436	15,832,492

## Retirement Compensation Arrangements Account

This account was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements (RCA). The first RCA established under the SRAA pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *RCMP Superannuation Act*. The RCA Account was created effective December 15, 1994.

TABLE 6.18

### RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

	1994-95	1993-94
	\$	\$
Opening balance .....		
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees .....	309,005	
Public Service corporation		
employees .....	59,989	
Employer contributions—		
Government .....	1,219,490	
Public Service corporations .....	58,500	
	1,646,984	
	1,646,984	
PAYMENTS AND OTHER CHARGES—		
Returns of contributions—		
Public Service corporation		
employees .....	187	
Closing balance .....	1,646,797	

### Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act*, to provide for pension benefit increases resulting from changes in the Consumer Price Index.

The account continues to provide for increased pension benefits resulting from indexation for pensions of life senators, federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 6.19

#### SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

	Royal Canadian Mounted Police		Parliament		Others <sup>(1)</sup>		Total	
	1994-95	1993-94	1994-95	1993-94	1994-95	1993-94	1994-95	1993-94
	\$	\$	\$	\$	\$	\$	\$	\$
Opening balance .....	4,825,757	4,521,921	81,192	73,424	32,036,776	27,994,513	36,943,725	32,589,858
RECEIPTS AND OTHER CREDITS—								
Employee contributions—								
Government .....			772	1,394	1,238,157	1,391,310	1,238,929	1,392,704
Matching contributions—			773	1,394	1,303,629	1,263,803	1,304,402	1,265,197
Government .....			7,096	4,980	3,422,921	1,453,249	3,847,535	1,762,065
Interest .....	417,518	303,836						
	417,518	303,836	8,641	7,768	5,964,707	4,108,362	6,390,866	4,419,966
	5,243,275	4,825,757	89,833	81,192	38,001,483	32,102,875	43,334,591	37,009,824
PAYMENTS AND OTHER CHARGES—								
Annuities .....					45,966	66,099	45,966	66,099
Closing balance .....	5,243,275	4,825,757	89,833	81,192	37,955,517	32,036,776	43,288,625	36,943,725

(1) Includes all federally appointed judges, lieutenant governors and diplomatic services.

### Allowance for Pension Adjustments

This account records the required accounting adjustments resulting from annual actuarial valuations.

As a result of annual actuarial valuations for accounting purposes, the liability for public sector pensions was found to be \$19,227 million lower than the balance of the superannuation accounts. This amount is made of:

- an excess of \$8,938 million related to the Public Service pension plan;
- an excess of \$9,105 million related to the Canadian Forces pension plan;
- an excess of \$1,717 million related to the Royal Canadian Mounted Police pension plan;
- an excess of \$19 million related to the Members of Parliament retiring allowances; and,
- a shortfall of \$552 million related to the federally appointed judges pension plan.

To recognize the liability for public sector pensions related to public sector restructuring, \$819 million was recorded in the account and charged to other program expenditures in 1994-95. This amount will be amortized to this account and will reduce expenditures of future years.

Estimation adjustments of \$1,959 million (\$1,435 million in 1994) due to experience gains and losses and change in actuarial assumptions were amortized to this account and reduced the pension costs of the year. The unamortized estimation adjustments of \$18,653 million (\$14,200 million in 1994) will be amortized to this account and will reduce expenditures of future years.

## Canada Pension Plan

The Canada Pension Plan is a compulsory contributory social insurance program which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and expenses incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 6.20 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

**TABLE 6.20**

### CANADA PENSION PLAN

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Canada Pension Plan Account, Table 6.21.....	40,951,113,631	14,878,468,199	15,456,754,788	40,372,827,042
Less: securities held by the Canada Pension Plan Investment Fund —				
Canada .....	3,497,538,000	202,252,000	193,165,000	3,488,451,000
Newfoundland .....	792,511,000	25,818,000		766,693,000
Nova Scotia .....	1,444,947,000	50,910,000		1,394,037,000
Prince Edward Island .....	173,181,630	5,253,000	370	167,929,000
New Brunswick .....	1,070,048,000	38,344,000		1,031,704,000
Quebec .....	134,710,000	7,903,000		126,807,000
Ontario .....	17,255,590,000	701,797,000		16,553,793,000
Manitoba .....	2,033,369,000	74,488,000		1,958,881,000
Saskatchewan .....	1,705,639,000	55,571,000		1,650,068,000
Alberta .....	4,712,256,000	98,318,000		4,613,938,000
British Columbia .....	5,399,879,000	189,134,000		5,210,745,000
Yukon Territory .....	3,726,000			3,726,000
	38,223,394,630	1,449,788,000	193,165,370	36,966,772,000
Operating balance .....	2,727,719,001	16,328,256,199	15,649,920,158	3,406,055,042

#### Receipts and other credits include:

- (a) contributions at the combined employer and employee rates of 5.2 percent and 5.4 percent of pensionable earnings for the 1994 and 1995 calendar years, subject to maximum combined contributions of \$1,612 and \$1,701 respectively;
- (b) interest received from the securities of the Canada Pension Plan Investment Fund, from short term investments and from the average daily operating balance; and,
- (c) funds received from the federal, provincial and territorial governments for the securities which have been redeemed during the year.

#### Payments and other charges include:

- (a) pensions and benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) pensions and benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess funds in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

TABLE 6.21

CANADA PENSION PLAN ACCOUNT  
(in millions of dollars)

	1994-95	1993-94
<b>RECEIPTS AND OTHER CREDITS—</b>		
Contributions—		
Employees, employers and self-employed.....	10,464	8,922
Interest on investments.....	4,177	4,275
Interest on average daily operating balance.....	238	171
	14,879	13,368
<b>PAYMENTS AND OTHER CHARGES—</b>		
Pensions and benefits.....	15,257	14,402
Expenses.....	200	187
	15,457	14,589
Net decrease.....	-578	-1,221
<b>Funds applied—</b>		
Increase or decrease (-) in deposits with Receiver General.....	678	-111
	678	-111
<b>Less: funds provided—</b>		
Redemption of bonds—		
Provincial and territorial.....	1,247	1,102
Federal.....	9	8
	1,256	1,110
Net decrease.....	-578	-1,221
Balance at beginning of year.....	40,951	42,172
Balance at end of year.....	40,373	40,951

## Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and items transferred from previous years' revenues to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

## PEI Fixed Link

Under the *Northumberland Strait Crossing Act*, the Government is obligated to pay an annual subsidy of \$41.9 million (1992 dollars) to Strait Crossing Finance Inc., a wholly-owned corporation of the Province of New Brunswick, related to the construction of a bridge (known as the PEI Fixed Link) between the Provinces of New Brunswick and Prince Edward Island. Payments of the annual subsidy will begin on May 31, 1997 and continue for 35 years. The payments will be used to retire \$661 million of 4.5 percent real rate bonds issued in October 1993 by Strait Crossing Finance Inc. to finance the construction of the bridge.

As a result of these financial arrangements, the Government of Canada has recorded a liability of \$726 million offset by deferred subsidies which are recorded in an account under other loans, investments and advances in Section 9 of this volume. These deferred subsidies will be amortized to expenditures over the 35-year period ending on April 30, 2032.



## Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.22 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 6.22

### DEPOSIT AND TRUST ACCOUNTS

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Deposit accounts—				
Agriculture and Agri-Food—				
Canadian Dairy Commission account . . . . .	17,230,839	588,679,963	589,965,067	15,945,735
Guarantee deposits—Board of Arbitration and Review Tribunal . . . . .	936	4,000		4,936
	17,231,775	588,683,963	589,965,067	15,950,671
Citizenship and Immigration—				
General security deposits . . . . .	168,177	39,284	47,461	160,000
Immigration guarantee fund . . . . .	13,563,470	5,910,893	3,920,137	15,554,226
	13,731,647	5,950,177	3,967,598	15,714,226
Finance—				
Canada Development Investment Corpora- tion—				
Canadair Limited . . . . .	10,000,000			10,000,000
Crown corporations' surplus moneys—				
St Lawrence Seaway Authority, The . . . . .	13,000,000			13,000,000
	23,000,000			23,000,000
Foreign Affairs and International Trade—				
Fairs and missions . . . . .	361,985	6,175,995	5,377,166	1,160,814
Indian Affairs and Northern Development—				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission . . . . .	1,042,588		50,000	992,588
Guarantee deposits . . . . .	11,103,707	2,686,508	1,393,219	12,396,996
Less: securities held in trust . . . . .	8,416,110	1,027,109	2,112,408	9,501,409
	2,687,597	3,713,617	3,505,627	2,895,587
Guarantee deposits—Oil and gas . . . . .	15,509,542		750,016	14,759,526
Less: securities held in trust . . . . .	15,282,897	750,016		14,532,881
	226,645	750,016	750,016	226,645
Guarantee deposits—Reserve resources . . . . .	662,522	11,011	150,247	523,286
	4,619,352	4,474,644	4,455,890	4,638,106
Justice—				
Supreme Court of Canada—				
Security for costs . . . . .	268,862	34,058	11,882	291,038
Tax Court of Canada—				
Security for costs . . . . .	15,420	12,079		27,499
	284,282	46,137	11,882	318,537
National Revenue—				
Customs and Excise—				
Guarantee deposits . . . . .	9,176,850	2,204,068	2,250,799	9,130,119
Less: securities held in trust . . . . .	3,759,300	1,769,500	745,000	2,734,800
	5,417,550	3,973,568	2,995,799	6,395,319
Temporary deposits received from importers . . . . .	622,355		81,726	540,629
Less: deposits in special bank accounts . . . . .	622,355	81,726		540,629
		81,726	81,726	
	5,417,550	4,055,294	3,077,525	6,395,319
Natural Resources—				
Guarantee deposits—Oil and gas . . . . .	6,127,908	458,142	2,368,469	4,217,581
Less: securities held in trust . . . . .	6,096,288	2,223,786	250,000	4,122,502
	31,620	2,681,928	2,618,469	95,079



TABLE 6.22

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Privy Council—				
Chief Electoral Officer—Election and referendum deposits .....	49,100	28,000	50,500	26,600
Public Works and Government Services—				
Contractors' security deposits (departments and agencies)—				
Bonds .....	24,557,097	1,561,000	5,830,000	20,288,097
Less: securities held in trust .....	24,557,097	15,550,300	11,281,300	20,288,097
		17,111,300	17,111,300	
Cash .....	15,049,200	11,157,878	11,943,684	14,263,394
Certified cheques .....	1,598,747	192,320	192,320	1,598,747
Less: securities held in trust .....	1,598,747			1,598,747
		192,320	192,320	
Seized property—Cash .....	906,281	9,206,650	6,064,570	4,048,361
Queens Quay West Land Corporation capital account .....	76,129		76,129	
	16,031,610	37,668,148	35,388,003	18,311,755
Total .....	80,758,921	649,764,286	644,912,100	85,611,107
Less: consolidation adjustment <sup>(1)</sup> .....	76,129	76,129		
Total deposit accounts .....	80,682,792	649,840,415	644,912,100	85,611,107
Trust accounts—				
Finance—				
Halifax 1917 explosion pension account .....	490,605	25,356	87,482	428,479
Indian Affairs and Northern Development—				
Indian band funds—				
Capital accounts, Table 6.23 .....	774,492,560	81,390,759	65,490,115	790,393,204
Revenue accounts, Table 6.24 .....	94,312,249	116,893,849	89,290,392	121,915,706
	868,804,809	198,284,608	154,780,507	912,308,910
Indian estate accounts .....	6,764,200	4,539,558	4,557,038	6,746,720
Indian savings accounts .....	168,018,912	22,541,002	27,648,742	162,911,172
	1,043,587,921	225,365,168	186,986,287	1,081,966,802
National Defence—				
Estates—Armed services .....	249,666	1,092,359	1,330,798	11,227
Solicitor General—				
Canadian Security Intelligence Service—				
Meritorious graduate awards .....	20,049	1,117		21,166
Scholastic awards .....	16,155	883	1,000	16,038
Correctional Service—				
Inmates' trust fund .....	6,405,284	26,983,875	26,189,394	7,199,765
Royal Canadian Mounted Police—				
Benefit trust fund .....	2,592,751	226,782	282,054	2,537,479
	9,034,239	27,212,657	26,472,448	9,774,448
Veterans Affairs—				
Administered trust accounts .....	9,673,568	3,118,249	3,550,696	9,241,121
Estates fund .....	787,293	805,483	533,905	1,058,871
Veterans administration and welfare trust fund .....	1,784,199	731,657	562,393	1,953,463
Less: securities held in trust .....	2,000			2,000
	1,782,199	731,657	562,393	1,951,463
	12,243,060	4,655,389	4,646,994	12,251,455
Total trust accounts .....	1,065,605,491	258,350,929	219,524,009	1,104,432,411
Total deposit and trust accounts .....	1,146,288,283	908,191,344	864,436,109	1,190,043,518

<sup>(1)</sup> Additional information on consolidated Crown corporations is provided in Section 4 of this volume.

### **Canadian Dairy Commission account**

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*, and uses the Consolidated Revenue Fund for banking purposes. This account was established by section 15 of the *Canadian Dairy Commission Act*, to record the Government's liability to the Commission.

### **Guarantee deposits—Board of Arbitration and Review Tribunal**

This account was established to record deposits of oral hearing fees. The expenses incurred by the Board of Arbitration and Review Tribunal, established pursuant to the *Canada Agricultural Products Act*, are charged to this account.

### **General security deposits**

This account was established to record general security deposits from transportation companies in accordance with section 92(1) of the *Immigration Act*.

### **Immigration guarantee fund**

This account was established by sections 18, 23, 92 and 103 of the *Immigration Act*, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

### **Canadair Limited—Canada Development Investment Corporation**

This account was established pursuant to section 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Canadair and demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

### **Crown corporations' surplus moneys**

These accounts were established pursuant to section 129(1) of the *Financial Administration Act*, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

### **Fairs and missions**

This account was established to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

### **Field British Columbia and Yukon Operations of the Northern Canada Power Commission**

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

### **Guarantee deposits—Indian Affairs and Northern Development**

This account was established to record cash and securities deposited as guarantees for oil, mineral and timber rights and licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act*, section 13(3) of the *Northern Inland Waters Act* and various regulations under the *Territorial Lands Act*. Interest is not allowed on cash deposits.

### **Guarantee deposits—Oil and gas—Indian Affairs and Northern Development**

This account was established to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with section 74 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### **Guarantee deposits—Reserve resources**

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*.

### **Security for costs—Supreme Court of Canada**

This account was established to record security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with section 60(1)(b) of the *Supreme Court Act*. As per section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

### **Security for costs—Tax Court of Canada**

This account was established to record moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgement of the Court.

### **Guarantee deposits—Customs and Excise**

This account was established to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the *Customs Act* and the *Excise Tax Act*.

**Temporary deposits received from importers**

This account was established to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

**Guarantee deposits—Oil and gas—Natural Resources**

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

**Election and referendum deposits**

This account was established to record candidates' election and referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

During the year, an amount of \$30,000 was transferred to non-tax revenues.

**Contractors' security deposits**

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

**Seized property—Cash**

This account was established pursuant to the *Seized Property Management Act*, to record cash forfeited which is required to be held by the Minister of Public Works and Government Services until disbursement.

**Queens Quay West Land Corporation capital account**

This account was established to record funds received from and held for Queens Quay West Land Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

**Halifax 1917 explosion pension account**

This account was established by section 5(1) of the *Halifax Relief Commission Pension Continuation Act*, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

**Indian band funds**

This account was established to record moneys belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

**TABLE 6.23****INDIAN BAND FUNDS—CAPITAL ACCOUNTS**

	1994-95	1993-94
	\$	\$
Opening balance.....	774,492,560	763,170,712
<b>RECEIPTS AND OTHER CREDITS—</b>		
Oil royalties.....	19,819,658	10,265,858
Gas royalties.....	43,315,794	39,624,767
British Columbia agreement.....	219,116	172,117
Land and other claim settlements.....	7,526,828	2,180,069
Sundries.....	10,509,363	16,410,227
	81,390,759	68,653,038
	855,883,319	831,823,750
<b>PAYMENTS AND OTHER CHARGES—</b>		
Per capita cash distribution.....	4,286,180	3,179,298
Transfer pursuant to section 64 of the Indian Act.....	52,193,284	47,076,135
Sundries.....	9,010,651	7,075,757
	65,490,115	57,331,190
Closing balance.....	790,393,204	774,492,560

**TABLE 6.24****INDIAN BAND FUNDS—REVENUE ACCOUNTS**

	1994-95	1993-94
	\$	\$
Opening balance.....	94,312,249	95,591,494
<b>RECEIPTS AND OTHER CREDITS—</b>		
Government interest.....	77,535,825	62,790,210
Land and other claim settlements.....	12,176,631	450,000
Sundries.....	27,181,393	14,467,409
	116,893,849	77,707,619
	211,206,098	173,299,113
<b>PAYMENTS AND OTHER CHARGES—</b>		
Per capita cash distribution.....	3,144,823	1,844,335
Transfer pursuant to section 69 of the Indian Act.....	77,645,033	72,696,693
Sundries.....	8,500,536	4,445,836
	89,290,392	78,986,864
Closing balance.....	121,915,706	94,312,249

### Indian estate accounts

These accounts were established to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians pursuant to sections 42 to 51 of the *Indian Act*.

### Indian savings accounts

These accounts were established to record the savings accounts maintained for individual Indians pursuant to section 52 of the *Indian Act*.

### Estates—Armed services

This account was established to record the service estates of deceased members of the Canadian Forces pursuant to section 42 of the *National Defence Act*. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

### Meritorious graduate awards

This account was established to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

### Scholastic awards

This account was established to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

### Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobby-craft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

### Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

### Administered trust accounts

Pursuant to section 41 of the *Pension Act* and section 15 of the *War Veterans Allowance Act*, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department of Veterans Affairs. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

### Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the Payments to Estates Regulations.

### Veterans administration and welfare trust fund

This account was established to record the following moneys: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependents in distressed circumstances.



## Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.25 presents a summary of the balances and transactions for all other specified purpose accounts.

**TABLE 6.25**  
**OTHER SPECIFIED PURPOSE ACCOUNTS**

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Insurance and death benefit accounts—				
Finance—				
Office of the Superintendent of Financial Institutions—				
Civil service insurance fund .....	10,166,850	343,074	599,080	9,910,844
National Defence—				
Regular forces death benefit account,				
Table 6.26 .....	156,774,783	28,423,645	20,384,724	164,813,704
Treasury Board—				
Public Service death benefit account,				
Table 6.27 .....	1,027,877,102	179,899,376	84,524,146	1,123,252,332
Veterans Affairs—				
Returned soldiers' insurance fund .....	379,913		50,811	329,102
Veterans insurance fund .....	17,372,548	382,093	1,431,345	16,323,296
	17,752,461	382,093	1,482,156	16,652,398
Total insurance and death benefit accounts .....	1,212,571,196	209,048,188	106,990,106	1,314,629,278
Pension accounts—				
Human Resources Development—				
Annuities agents' pension account .....	14,294	11,890	10,802	15,382
Solicitor General—				
Royal Canadian Mounted Police—				
Dependants' pension fund .....	23,951,391	2,469,754	1,209,527	25,211,618
Treasury Board—				
Locally-engaged contributory pension				
account .....		222,517	222,517	
Total pension accounts .....	23,965,685	2,704,161	1,442,846	25,227,000
Other accounts—				
Agriculture and Agri-Food—				
Agriculture development workshops .....	29,604	391,484	389,657	31,431
Canada/British Columbia agri-food development				
projects .....	4,212		4,212	
Canada/Manitoba partnership				
agreement on municipal water				
infrastructure for rural economic				
diversification .....	2,822,875	3,665,291	5,439,325	1,048,841
Net Income Stabilization Account .....	409,324,929	249,514,125	62,605,476	596,233,578
Shared-cost agreements—				
Research .....	3,697,227	10,526,691	9,053,060	5,170,858
Net Income Stabilization Account (NISA)—				
Bridge Program .....		3,425,899	3,419,334	6,565
Commodity Industry Development Fund—Province .....		18,725,282	3,566,460	15,158,822
	415,878,847	286,248,772	84,477,524	617,650,095
Canadian Heritage—				
Shared-cost agreements—Conferences				
and training .....		192,466	136,517	55,949
Shared-cost/joint project agreements .....		74,400		74,400
Forks sculpture contest account .....	6,268			6,268
Mackenzie King trust account .....	286,677	17,955	16,402	288,230
Miscellaneous projects deposits .....	75,628	376,463	128,726	323,365
Canadian Film Development				
Corporation—				
Advance account <sup>(1)</sup> .....	15,294,485	35,847,229	26,913,713	24,228,001
	15,663,058	36,508,513	27,195,358	24,976,213



**TABLE 6.25**  
**OTHER SPECIFIED PURPOSE ACCOUNTS—Continued**

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Environment—				
Miscellaneous projects deposits . . . . .	4,069,430	7,725,040	6,666,364	5,128,106
Public participation funding program . . . . .	17,411	195,417	70,897	141,931
	4,086,841	7,920,457	6,737,261	5,270,037
Finance—				
Common school funds—Ontario and Quebec . . . . .	2,677,771			2,677,771
Foreign claims fund . . . . .	182,959			182,959
War claims fund—World War II . . . . .	4,236			4,236
	2,864,966			2,864,966
Fisheries and Oceans—				
Federal/provincial cost-sharing agreements . . . . .	148,348	6,100,861	6,114,102	135,107
Miscellaneous projects deposits . . . . .	1,448,850	7,856,295	6,651,620	2,653,525
Sales of seized assets . . . . .	44,721	375,375	177,364	242,732
	1,641,919	14,332,531	12,943,086	3,031,364
Foreign Affairs and International Trade—				
Canada Foundation account . . . . .	313,698	10,069	25,409	298,358
Less: securities held in trust . . . . .	280,150	292,205	292,637	280,582
deposits in a special bank account . . . . .	33,548	305,046	289,274	17,776
		607,320	607,320	
Financial assistance to Canadians abroad . . . . .	190,253	1,033,289	1,036,736	186,806
Funds from non-governmental organizations . . . . .	421,503	2,921,281	2,949,657	393,127
Paris air show . . . . .	56,161	427,289	101,104	382,346
Shared-cost projects . . . . .	495,141	1,617,735	1,502,354	610,522
Canadian Institute for International Peace and Security— Other outstanding liabilities . . . . .	491,135	3,424	55,331	439,228
Canadian International Development Agency— Shared-cost projects—International conferences . . . . .	47,982	64,703	52,780	59,905
	1,702,175	6,675,041	6,305,282	2,071,934
Health—				
Canadian Sports Pool Corporation—Other outstanding liabilities . . . . .	50,000			50,000
Miscellaneous federal/provincial projects . . . . .	442,147	756,800	661,877	537,070
Pan American Health Organization (SIREVA) . . . . .	78,212	102,387	149,219	31,380
World Health Organization . . . . .	136,989	4,264	11,737	129,516
Medical Research Council— Dyskinesia and torticollis research . . . . .	80,535	4,193	8,000	76,728
	787,883	867,644	830,833	824,694
Human Resources Development—				
Canadian jobs strategy program . . . . .	–283	283		
Summer employment experience development program . . . . .	–123	3,000,123	3,281,546	–281,546
Fair wages suspense account . . . . .	2,859	2,182	1,565	3,476
Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS) . . . . .		336,382		336,382
Labour standards suspense account . . . . .	799,491	771,402	303,345	1,267,548
	801,944	4,110,372	3,586,456	1,325,860
Indian Affairs and Northern Development—				
Fines—Indian Act . . . . .	443,237	35,882	10,074	469,045
Indian agencies revenue trust bank accounts . . . . .	406,164	3,188,228	3,338,671	255,721
Less: deposits in special bank accounts . . . . .	406,164	3,188,228	3,338,671	255,721
Indian band funds— Shares and certificates . . . . .	20,000			20,000
Less: securities held in trust . . . . .	20,000			20,000
Indian compensation funds . . . . .	113,594			113,594
Indian moneys suspense account . . . . .	17,547,590	16,599,262	13,117,688	21,029,164
Indian special accounts . . . . .	1,128,838	149,524	329,871	948,491
1924 Ontario lands agreement . . . . .	9,231,196	668,167	9,859,306	40,057
Treaty Land Entitlement (Saskatchewan) Fund . . . . .	8,965,464	12,722,783	16,386,043	5,302,204
	37,429,919	30,175,618	39,702,982	27,902,555

TABLE 6.25

## OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Industry—				
Cost sharing projects .....		417,687	302,090	115,597
Shared-cost agreements—				
Conferences and training .....	13,134		12,962	172
Shared-cost agreements—Tourism .....	238,516	344,623	472,493	110,646
Shared-cost/joint project agreements—Research .....	850,707	755,106	955,608	650,205
Income from Patent Cooperation Treaty .....	21,613		21,613	
Income from securities in trust—Bankruptcy and Insolvency Act .....	83,849	374	42,016	42,207
Securities in trust—Bankruptcy and Insolvency Act .....	31,266	15,000		46,266
Less: securities held in trust .....	31,266			31,266
		15,000		15,000
Unclaimed dividends and undistributed assets—				
Bankruptcy and Insolvency Act .....	1,668,854	28,190,621	27,572,566	2,286,909
Canada Business Corporations Act .....	282,201	301,204	49,675	533,730
Winding-up Act .....	529,659			529,659
Canadian Space Agency—				
Radarsat .....	481,310			481,310
National Research Council of Canada—				
Special fund .....	13,071,000	30,848,001	33,047,151	10,871,850
Trust fund .....	9,177,373	7,757,974	6,887,918	10,047,429
Natural Sciences and Engineering Research Council—				
Trust fund .....	483,394	707,473	510,181	680,686
Social Sciences and Humanities Research Council —				
Queen's Fellowship fund .....	270,267	14,523	18,715	266,075
Trust fund .....	8,355	464		8,819
Statistics Canada—				
Project deposits .....	6,618,001	36,935,842	42,782,559	771,284
	33,798,233	106,288,892	112,675,547	27,411,578
Justice—				
Child support—Shared-cost project .....	1,384		1,384	
Federal Court of Canada—				
Federal Court special account .....	6,827,245	1,119,558	3,326,490	4,620,313
	6,828,629	1,119,558	3,327,874	4,620,313
National Defence—				
Foreign governments—				
United Kingdom—				
British Army—Suffield, Alberta .....	11,953,869	98,202,039	81,325,942	28,829,966
Wainwright, Alberta .....	1,829,340	8,644,154	5,886,886	4,586,608
Other activities .....	8,519,398	25,483,863	29,418,373	4,584,888
United States of America .....	2,214,930	1,475,212	2,216,479	1,473,663
Federal Republic of Germany—				
German Army—Shilo, Manitoba .....	6,045,679	22,332,917	20,255,055	8,123,541
Other activities .....	16,485,971	29,207,719	29,929,971	15,763,719
Netherlands .....	6,085,215	25,778,602	21,476,224	10,387,593
North Atlantic Treaty Organization (NATO)—				
Infrastructure projects .....	2,127,927	6,814,882	1,671,595	7,271,214
Non-government agencies .....	1,160,273	2,002,124	1,560,035	1,602,362
Provincial governments—Research projects .....		12,000		12,000
	56,422,602	219,953,512	193,740,560	82,635,554
Natural Resources—				
Atomic Energy of Canada Limited regional seismic monitoring station .....	1,844	53,723	55,096	471
Continental geoscience division—Ontario Hydro .....	11,978	30,000	9,520	32,458
International Energy Agency—Implementing agreement .....	14,586	908	8,208	7,286
Market development incentive payments—Alberta .....	17,902,760	578	2,581,729	15,321,609
Nova Scotia Offshore Revenue Account .....		4,921,828	4,921,828	
Ocean Drilling Program—Australia .....		1,362,015	1,362,015	
Shared-cost agreements—Research .....	417,055	2,027,233	1,251,285	1,193,003
Shared-cost projects .....	2,968,584	2,819,234	4,335,061	1,452,757
Miscellaneous projects deposits .....	2,108,020	2,842,654	2,108,917	2,841,757
	23,424,827	14,058,173	16,633,659	20,849,341

**TABLE 6.25**  
**OTHER SPECIFIED PURPOSE ACCOUNTS—Concluded**

	April 1/1994	Receipts and other credits	Payments and other charges	March 31/1995
	\$	\$	\$	\$
Public Works and Government Services—				
Francophone Summits .....		5,830	3,406	2,424
Interest on bonds—Insurance companies .....		1,173,627	1,173,627	
Military purchases excess funds deposit .....	176,027,443		90,346,402	85,681,041
Less: securities held in trust .....	176,027,443	90,346,402		85,681,041
Petro-Canada Enterprises Inc—Shares .....	875,607	90,346,402	90,346,402	
	875,607	91,525,859	91,603,405	795,637
Solicitor General—				
Royal Canadian Mounted Police—				
Seized assets—Canadian funds .....	4,248,649	3,675,857	2,204,078	5,720,428
Seized assets—US funds .....	6,671	2,203,175		2,209,846
	4,255,320	5,879,032	2,204,078	7,930,274
Veterans Affairs—				
Army benevolent fund .....	209,416	38,179	134,909	112,686
Total .....	606,672,186	825,702,153	602,098,814	830,275,525
Less: consolidation adjustment <sup>(1)</sup> .....	15,295,337		8,934,866	24,230,203
Total other accounts .....	591,376,849	825,702,153	611,033,680	806,045,322
Total other specified purpose accounts .....	1,827,913,730	1,037,454,502	719,466,632	2,145,901,600

<sup>(1)</sup> Additional information on consolidated Crown corporations is provided in Section 4 of this volume.

### Civil service insurance fund

This fund was established by the *Civil Service Insurance Act*, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to section 62(2) of the *Public Service Superannuation Act*.

During the year, receipts and other credits consisted of premiums of \$9,549 and, an amount of \$333,525 (charged to expenditures) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1994. Payments and other charges consisted of death benefits, \$540,409; cash surrender value, \$29,737; annuities, \$28,554; and premium refunds, \$380.

### Regular forces death benefit account

This account was established by the *Canadian Forces Superannuation Act*, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*; (c) single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

**TABLE 6.26**  
**REGULAR FORCES DEATH BENEFIT ACCOUNT**

	1994-95	1993-94
	\$	\$
Opening balance .....	156,774,783	150,769,994
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel .....	10,104,596	10,133,185
Government's contribution .....	1,704,558	1,769,409
Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution .....	534,731	507,160
Interest .....	16,079,760	14,683,966
	28,423,645	27,093,720
	185,198,428	177,863,714
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act .....	20,384,724	21,088,931
Closing balance .....	164,813,704	156,774,783

### Public Service death benefit account

This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, (b) benefits of \$5,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for \$5,000 death benefit coverage for life has been made.

**TABLE 6.27**  
**PUBLIC SERVICE DEATH BENEFIT ACCOUNT**

	1994-95	1993-94
	\$	\$
Opening balance .....	1,027,877,102	938,919,520
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public Service corporations .....	63,819,715	64,095,563
Government—		
General .....	5,409,713	5,559,783
Single premium for \$5,000 .....	1,394,646	1,396,760
Public Service corporations .....	2,335,703	2,326,888
Interest .....	106,939,599	99,723,788
	179,899,376	173,102,782
	1,207,776,478	1,112,022,302
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General .....	65,595,748	65,131,467
Life coverage of \$5,000 .....	18,784,962	18,763,425
Other death benefit payments .....	143,436	250,308
	84,524,146	84,145,200
Closing balance .....	1,123,252,332	1,027,877,102

### Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial adjustment as at March 31, 1994 of \$13,372 was charged to the account during the year and was credited to revenues. The final date on which application for this insurance could have been received, was August 31, 1933.

### Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1994 of \$309,693 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received, was October 31, 1968.

### Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.



### **Dependants' pension fund**

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

### **Locally-engaged contributory pension account**

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Treasury Board approved the closure of the plan to new entrants effective December 31, 1988. There are now fewer than fifty members contributing to the plan.

### **Agriculture development workshops**

This account was established to record moneys received from the "Agence de coopération culturelle et technique" from Paris, France in accordance with an agreement dated June 15, 1990. These funds will be used to defray the training costs and living expenses of third world members during their stay at the Food Research and Development Centre in St-Hyacinthe, Quebec.

### **Canada/British Columbia agri-food development projects**

This account was established to record advance payments from the government of British Columbia for their share of costs incurred under the Soil Conservation Agreement (expired on March 31, 1995) and the Green Plan for Agriculture. Various research projects will continue to be carried out under the Green Plan only. Money is paid out of the account as eligible billing costs are received.

### **Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification**

This account was established to record advance payments received from the government of Manitoba and participating cities/towns for their share of the costs incurred under various projects. The projects involve making improvements to the water supply and waste treatment and disposal infrastructures of rural communities while preserving environmental quality. Money is paid out of the account as eligible billing costs are received.

### **Net Income Stabilization Account**

This account was established by section 15 of the *Farm Income Protection Act* and the Federal/provincial Agreement establishing the Net Income Stabilization Account Program, to help participating producers of qualifying agricultural commodities achieve long term improved income stability. The Program allows participants to deposit funds up to predetermined limits into either the Consolidated Revenue Fund or participating financial institutions, and receive a matching contribution from the federal and provincial governments. These funds are held in trust for the participants.

The account records only the transactions relating to the Consolidated Revenue Fund as follows:

- (a) participant matchable contributions held in trust in the Consolidated Revenue Fund, which are limited to an annual maximum based upon a percentage of eligible net sales (eligible net sales are limited to \$250,000 and for most qualifying commodities the contributions are limited to 2 percent of eligible net sales, with the exception of edible horticulture in Ontario and British Columbia which is eligible for an enhanced contribution of 4 percent);
- (b) government matching contributions on participant matchable deposits held in trust in either the Consolidated Revenue Fund or participating financial institutions, split equally between the federal and provincial governments (with the exceptions of New Brunswick where the province contributed 25 percent and the federal government contributed 75 percent and British Columbia where the province contributed an additional 2 percent of eligible net sales on edible tree fruit);
- (c) participant non-matchable contributions held in trust in the Consolidated Revenue Fund, which are limited to an annual maximum of 20 percent of eligible net sales (carried forward for up to five years);
- (d) interest paid by the federal Government on funds held in the Consolidated Revenue Fund, at rates and in accordance with terms and conditions determined by the Minister of Finance;
- (e) interest paid by participating financial institutions on funds held in trust for participants, at rates set by negotiation between the participant and the financial institution;
- (f) bonus interest of 3 percent per annum, split equally between the federal and provincial governments, calculated on participant contributions; and,
- (g) withdrawals by participants from funds held in trust in the Consolidated Revenue Fund (participants are entitled to make annual account withdrawals up to the amount allowed by the larger of either of two triggers (a stabilization trigger and a minimum income trigger).



### **Shared-cost agreements—Research—Agriculture and Agri-Food**

This account was established to record amounts deposited by external parties for shared-cost research projects. Moneys are disbursed on behalf of depositors as specific projects are undertaken.

### **Net Income Stabilization Account (NISA)—Bridge Program**

This account was established to record contributions received from provincial governments and producers to address the need to provide adequate protection to beef producers until a whole farm income stabilization program is in place. Under the NISA Bridge Program, producers who participated in the National Tripartite Stabilization Program (NTSP) for Beef are eligible to deposit an amount into this account equivalent to the premiums they paid under NTSP in the final year of that Program. The provincial governments contribute an amount equal to one-half of the producers' deposits. These deposits are then eligible for interest at the rate established by the Minister of Finance.

### **Commodity Industry Development Fund—Province**

This account was established to record contributions received from provincial governments equal to one-half of the premiums paid by the provinces under the National Tripartite Stabilization Program for Beef in its final year of operation, net of their contributions under the Net Income Stabilization Account Bridge Program. This account earns interest at the rate established by the Minister of Finance. Funds in the account are available for up to five years to be used for programs, projects and activities which include, but are not exclusive to research, technology transfer, promotion and market development but may not be used for direct support to producers or processors.

### **Shared-cost agreements—Conferences and training—Canadian Heritage**

This account was established to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of depositors as specific training is undertaken or conferences held.

### **Shared-cost/joint project agreements—Canadian Heritage**

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

### **Forks sculpture contest account**

This account was established for the purpose of accepting donations from corporations and other donors to sponsor a sculpture competition for the Forks National Historic Park in Winnipeg, Manitoba.

### **Mackenzie King trust account**

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of section 3 of the *Laurier House Act*, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

### **Miscellaneous projects deposits—Canadian Heritage**

This account was established to record contributions received from organizations and individuals, for the furtherance of research work.

### **Advance account—Canadian Film Development Corporation**

This account was established pursuant to section 19 of the *Canadian Film Development Corporation Act*, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

### **Miscellaneous projects deposits—Environment**

This account was established to record contributions received from organizations and individuals, for the furtherance of research work.

### **Public participation funding program**

This account was established to record deposits received from provinces, territories or private organizations to provide funds to assist public participation in the Canadian Environmental Assessment Agency.

### **Common school funds—Ontario and Quebec**

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on public debt.

### **Foreign claims fund**

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

## War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

## Federal/provincial cost-sharing agreements

This account was established to record the deposit of moneys received from the provinces for cost-shared programs according to official signed agreements.

## Miscellaneous projects deposits—Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the furtherance of research work.

## Sales of seized assets

The account is established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Monies so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

## Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

## Financial assistance to Canadians abroad

This account was established to record monies received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

## Funds from non-governmental organizations

This account was established to record monies received as prepayment for services to be performed by the Department of Foreign Affairs and International Trade on behalf of third parties.

## Paris air show

This account was established to record moneys received from the private sector. These funds are used to help defray the costs of the Canadian Pavilion activities during the bi-annual Paris air show held in Paris, France.

## Shared-cost projects—Foreign Affairs and International Trade

This account was established to record monies received from organizations outside the Government of Canada accounting entity for shared-cost projects.

## Canadian Institute for International Peace and Security—Other outstanding liabilities

This account was established to record moneys received at the dissolution of the Canadian Institute for International Peace and Security which are used to pay any liabilities of the Corporation.

## Shared-cost projects—International conferences

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects concerning International Conference Agreements.

## Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are to be used to pay any liabilities of the Corporation.

## Miscellaneous federal/provincial projects—Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

## Pan American Health Organization (SIREVA)

This account was established to enhance the epidemiological and laboratory infrastructure in the regions for the diagnosis and surveillance of *S.pneumoniae*. At the end of the project, the participating laboratories should have acquired the capability to design, conduct and analyze epidemiological field studies, in particular as they relate to defining the nature and magnitude of *S.pneumoniae*, and the epidemiological surveillance network in the Americas should have been strengthened.

## World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

## Dyskinesia and torticollis research

This account was established by section 5(3) of the *Medical Research Council Act*, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

### Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account records advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

### Summer employment experience development program

The summer employment experience development program is jointly funded by the federal and provincial governments.

This account was established to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

The debit balance at year end resulted from expenses charged to the account and not yet reimbursed by a province.

### Fair wages suspense account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

### Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provincial governments to cover their share of the costs of the ICEMS Project. Advance payments are made pursuant to the ICEMS Framework Agreement. The cost incurred are charged to the account and any unexpended funds will be returned to provinces at the end of the project.

### Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, section 251, and the Canada Labour Standards Regulations section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Human Resources Development who is required to transmit the payment to the employee;

- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Human Resources Development from employers who cannot locate employees. Efforts are then made to locate employees.

### Fines—Indian Act

Fines collected under sections 85.1 and 104 of the *Indian Act*, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

### Indian agencies revenue trust bank accounts

This account was established to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

### Indian band funds—Shares and certificates

This account was established by section 61 of the *Indian Act*, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

### Indian compensation funds

Pursuant to sections 35 and 61 of the *Indian Act*, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

### Indian moneys suspense account

This account was established to record moneys held for individuals and bands, received from royalties, timber dues, rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases, permits and royalties and timber dues agreements, etc, pending proper documentation.

### Indian special accounts

Pursuant to section 52 of the *Indian Act* these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) Absent or missing heirs—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.



(b) Abitibi fur reserve—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallowmen's wages, freight costs, etc.

(c) Abitibi fishery—This account records charges for the operation of the Abitibi sturgeon fish catching project.

## 1924 Ontario lands agreement

This account was established to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the reaching of an agreement between the Bands entitled to the funds and the provincial government.

## Treaty Land Entitlement (Saskatchewan) Fund

This account was established to record contributions and payments pertaining to settling of Saskatchewan Indian Nation's land claims. Interest credited on the Province of Saskatchewan deposits was charged to public debt while interest on federal contribution was charged to expenditures of the Department of Indian Affairs and Northern Development.

## Cost-sharing projects—Industry

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

## Shared-cost agreements—Conferences and training—Industry

This account was established to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of depositors as specific training is undertaken or conferences held.

## Shared-cost agreements—Tourism

This account was established to record amounts deposited by external parties for shared-cost projects. Moneys are disbursed on behalf of depositors as specific projects are undertaken.

## Shared-cost/joint project agreements—Research

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

## Income from Patent Cooperation Treaty

This account was established pursuant to section 12(3) of the Patent Cooperation Treaty Regulations under the Patent Rules, to record the receipt and disposition of the various fees relating to applications for an international patent, in accordance with Rules 14, 15, 16 and 16<sup>bis</sup> of the Regulations under the Income from Patent Cooperation Treaty.

During the year, the account was closed.

## Income from securities in trust—Bankruptcy and Insolvency Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

## Securities in trust—Bankruptcy and Insolvency Act

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

## Unclaimed dividends and undistributed assets—Bankruptcy and Insolvency Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

## Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

## Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up Act*, pending distribution.

## Radarsat

This account was established to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

## Special fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record revenue received by the National Research Council of Canada in the amount of \$30,848,001, derived from laboratory fees, \$17,209,105; information services, \$3,993,736; sales of publications, \$6,972,911; and, miscellaneous receipts, \$2,672,249. An amount of \$33,047,151 was charged hereto, of which an amount of \$21,112,151 was credited to National Research Council Vote 70, and \$11,935,000 to National Research Council Vote 75, to offset expenditures.



### **Trust fund—National Research Council of Canada**

This account was established by the *National Research Council Act*, to record funds received from other governments and organizations outside the accounting entity, to cover expenditures made on their behalf.

### **Trust fund—Natural Sciences and Engineering Research Council**

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)*, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record the liability to other organizations.

### **Queen's Fellowship fund—Social Sciences and Humanities Research Council**

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

### **Trust fund—Social Sciences and Humanities Research Council**

This account was established to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

### **Project deposits—Statistics Canada**

This account was established to record deposits received from outside parties to secure payments for special statistical services.

### **Child support—Shared-cost project**

This account was established to record funds received from provincial governments and territories in accordance with the agreement respecting the funding of the Federal/Provincial Child Support Guidelines Project.

Upon completion of the project, each province/territory will be reimbursed, on the basis of a prorata share and without interest, for its share of any unspent funds remaining in the account.

During the year, the account was closed.

### **Federal Court special account**

This account was established to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

### **Foreign governments**

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

### **North Atlantic Treaty Organization (NATO)—Infrastructure projects**

These accounts were established to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

### **Non-government agencies**

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

### **Provincial governments—Research projects**

This account is maintained to record funds received from provincial governments, for expenditures to be made on their behalf.

### **Atomic Energy of Canada Limited regional seismic monitoring station**

This account was established to record funds received from Atomic Energy of Canada Limited, to accommodate the cost-sharing of expenses required to operate a network of regional seismic monitoring stations in the provinces of Ontario and Alberta.

### **Continental geoscience division—Ontario Hydro**

This account was established to facilitate a cost sharing agreement between Natural Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

### **International Energy Agency—Implementing agreement**

This account was established to record funds for the cost-sharing of expenses between Canada, the United States, Japan, Sweden and Italy in respect to the International Energy Agency Implementing Agreement for a programme of research, development and demonstration on alcohol and alcohol blends as motor fuels.

### **Market development incentive payments—Alberta**

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Program, the Natural Gas Fuelling Station Program, and the Energy Efficiency and Alternative Energy Program through to March 31 1998.

### **Nova Scotia Offshore Revenue Account**

This account was established pursuant to section 219 of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act to facilitate the sharing of certain revenues accruing from oil and gas activities in the Nova Scotia offshore area with the Province of Nova Scotia. Certain offshore revenues (taxes, royalties and miscellaneous revenues) are credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

### **Ocean Drilling Program—Australia**

This account was established to deposit funds received from the government of Australia for the Ocean Drilling Program. The funds will subsequently be remitted to the National Science Foundation, Washington, D.C. together with Canada's share of Program costs.

During the year, the account was closed.

### **Shared-cost agreements—Research—Natural Resources**

This account was established to facilitate the retention and disbursement of moneys received from private industries and other governments for joint projects or shared-cost research agreements.

### **Shared-cost projects—Natural Resources**

This account was established to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

### **Miscellaneous projects deposits—Natural Resources**

This account was established to record contributions received from organizations and individuals for the furtherance of forestry research work.

### **Francophone Summits**

This account was established to record moneys granted in 1994 by the "Agence de coopération culturelle et technique" (Paris) for completing projects involving the industrialization of the French language and the promotion of new French terms in both scientific and technical fields.

### **Interest on bonds—Insurance companies**

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the *Insurance Companies Act*. Debits represent the payment of the same interest to the insurance companies.

### **Military purchases excess funds deposit**

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

### **Petro-Canada Enterprises Inc—Shares**

This account was established to record the liability to shareholders who have not presented their shares for payment.

### **Seized assets—Canadian funds**

This account was established to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the *Narcotic Control Act*. The funds are held pending Court decisions.

### **Seized assets—US funds**

This account was established to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada and the *Narcotic Control Act*. The funds are held pending Court decisions.

### **Army benevolent fund**

Pursuant to section 3 of the *Army Benevolent Fund Act*, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 9.91 percent per annum is credited semi-annually for the period June 29, 1990 to June 28, 1995 on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

## SUPPLEMENTARY STATEMENTS

### Canada Pension Plan Account and the Canada Pension Plan Investment Fund

#### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Department of Human Resources Development in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and estimates in these financial statements are Management's responsibility. Management is also responsible for all other information in the annual Report on the Administration of the Canada Pension Plan and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund.

In support of its responsibility, Management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Canada Pension Plan (Act)* and Regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the Canada Pension Plan external auditor, audits the financial statements and reports to the designated Minister of Human Resources Development.

David A. Good  
*Assistant Deputy Minister  
Financial and Administrative Services*

Scott Serson  
*Associate Deputy Minister*

July 27, 1995

#### AUDITOR'S REPORT

#### TO THE DESIGNATED MINISTER OF HUMAN RESOURCES DEVELOPMENT

I have audited the statement of revenue, expenditures and balance of the Canada Pension Plan Account and the statement of purchases, disposals and balance of the Canada Pension Plan Investment Fund for the year ended March 31, 1995. These financial statements are the responsibility of the management of the Department of Human Resources Development. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balances of the Account and the Investment Fund as at March 31, 1995 and the revenue and expenditures of the Account and the purchases and disposals of the Investment Fund for the year then ended in accordance with the accounting policies set out in Note 2 to the statements.

L. Denis Desautels, FCA  
Auditor General of Canada

Ottawa, Canada  
July 27, 1995

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

## CANADA PENSION PLAN ACCOUNT

STATEMENT OF REVENUE, EXPENDITURES AND BALANCE  
FOR THE YEAR ENDED MARCH 31, 1995  
(in millions of dollars)

	1995	1994
<b>Revenue</b>		
Contributions—Employees, employers and self-employed .....	10,464	8,922
Interest (Note 3) .....	4,415	4,446
	14,879	13,368
<b>Expenditures</b>		
<b>Pensions</b>		
Retirement .....	9,912	9,322
Disability .....	2,593	2,443
Survivors' .....	2,066	1,989
	14,571	13,754
<b>Benefits</b>		
Disabled contributors' child. ....	262	240
Death .....	224	216
Orphans' .....	200	192
	686	648
Administration (Note 4) .....	200	187
	15,457	14,589
Decrease for the year .....	-578	-1,221
Balance at beginning of year .....	40,951	42,172
Balance at end of year .....	40,373	40,951
<b>Represented by:</b>		
Canada Pension Plan Investment Fund .....	36,967	38,223
Deposit with the Receiver General for Canada .....	3,406	2,728
	40,373	40,951

Contingencies (Note 7)

Approved by the Department of Human Resources Development:

DAVID A. GOOD

*Assistant Deputy Minister*

*Financial and Administrative Services*

SCOTT SERSON

*Associate Deputy Minister*



# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

## CANADA PENSION PLAN INVESTMENT FUND

STATEMENT OF PURCHASES, DISPOSALS AND BALANCE  
FOR THE YEAR ENDED MARCH 31, 1995  
(in millions of dollars)

	Balance at beginning of year	Purchases	Disposals	Balance at end of year
Investment in securities (Note 5)				
Provinces and territory				
Newfoundland .....	792		26	766
Prince Edward Island .....	173		5	168
Nova Scotia .....	1,445		51	1,394
New Brunswick .....	1,070		38	1,032
Quebec .....	135		8	127
Ontario .....	17,256		702	16,554
Manitoba .....	2,033		74	1,959
Saskatchewan .....	1,706		56	1,650
Alberta .....	4,712		98	4,614
British Columbia .....	5,400		189	5,211
Yukon Territory .....	4			4
	34,726		1,247	33,479
Canada .....	3,497		9	3,488
	38,223		1,256	36,967

Approved by the Department of Human Resources Development:

DAVID A. GOOD

*Assistant Deputy Minister*

*Financial and Administrative Services*

SCOTT SERSON

*Associate Deputy Minister*

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1995

### 1. (a) Description and authority

The Canada Pension Plan (CPP) is a federal/provincial plan established by act of Parliament in 1965 as a compulsory and contributory social insurance program. The Plan is designed to provide a measure of protection to Canadian workers and their families against the loss of earnings due to death, disability or retirement. The Plan operates in all parts of Canada, except for the Province of Quebec which has a comparable program.

The designated Minister of Human Resources Development is responsible for the administration of the *Canada Pension Plan* (Act) other than Part I. The Minister of National Revenue is responsible under Part I for collecting contributions. The Minister of Finance, in conjunction with the ministers of the Crown from the included provinces, is responsible for setting CPP contribution rates.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by the Act to record the contributions, interest, benefits and administration expenditures of the Plan. The authority to spend is limited to the balance of the Account.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by the Act to record the investment in securities of the provinces, territories and Canada.

### (b) Financing

The Canada Pension Plan is financed on a pay-as-you-go basis, which means that the Plan operates on a current basis with pensions and benefits being paid out of current contributions. Under the Act, pensions, benefits and expenditures incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from the interest earned on the investment of funds not immediately needed for pensions, benefits and administrative costs.

The projected balance in the Account is planned, over time, to equal about two times the projected annual payments in the following year.

# Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1995—Continued

Recognizing the need for higher rates of contributions, the legislation was amended in January 1987 to incorporate a 25-year schedule of contribution rates and a provision for its review every five years by the Minister of Finance and Ministers of the Crown from the included provinces. At each review the rates of the first 20 years are modified, if the Ministers agree, and the schedule is extended for an additional five years. Agreement is required by at least two-thirds of the included provinces having in the aggregate not less than two thirds of the population of all of the included provinces. If the Ministers do not reach agreement, the five-year extension to the schedule is automatically set by the formula contained in the regulations.

For the 1994 and 1995 calendar years, the combined employer and employee contribution rates are 5.2 percent and 5.4 percent of pensionable earnings respectively, subject to maximum combined contributions of \$1,612 and \$1,701. Following their last review of the schedule of contribution rates, the Ministers agreed on annual increases in the combined employer and employee contribution rates of .20 percent for the calendar years 1992 to 1996 to reach 5.6 percent, .25 percent for calendar years 1997 to 2006 to reach 8.1 percent and .20 percent for calendar years 2007 to 2016 to reach 10.1 percent. The Canada Pension Plan was amended by Bill C-39 to incorporate these changes effective January 21, 1992.

The Fourteenth Actuarial Report prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions dated December 1991, projects that, based on the above contribution rates, the desirable 2:1 ratio of the Canada Pension Plan Account balance to projected annual payments, will be maintained until 2002. This report, which was tabled in Parliament in April 1993, projects that the ratio will gradually decrease to 1.54:1 in 2030 and then gradually increase to re-establish the desirable 2:1 ratio in 2050.

The Fifteenth Actuarial Report was tabled in the House of Commons in February 1995. It will be discussed at the next review of the schedule of contribution rates which is required to take place prior to January 1, 1997.

## 2. Accounting policies

All financial transactions affecting the Canada Pension Plan Account and the Canada Pension Plan Investment Fund are governed by the *Canada Pension Plan* (Act) and Regulations.

### (a) Canada Pension Plan Account

Contributions, interest, pensions, benefits and administration expenditures are recorded on a cash basis.

Contributions are based on an estimate of the amount to be collected that relates to the year and include adjustments between actual and estimated contributions of prior years.

Administration expenditures are based on an estimate of actual costs incurred during the year and include adjustments between actual and estimated expenditures of prior years.

### (b) Canada Pension Plan Investment Fund

All securities are carried at cost.

## 3. Interest revenue

	1995	1994
	(in millions of dollars)	
Interest on investment in securities held by the Fund:		
Provinces and territory		
Newfoundland.....	87	89
Prince Edward Island.....	19	19
Nova Scotia.....	159	163
New Brunswick.....	117	119
Quebec.....	14	15
Ontario.....	1,898	1,948
Manitoba.....	222	227
Saskatchewan.....	186	190
Alberta.....	519	524
British Columbia.....	596	612
Yukon Territory (less that \$1 million)		
	3,817	3,906
Canada.....	357	357
	4,174	4,263
Interest on short term investments (3 month term) with Canada.....	3	12
Interest on deposit with the Receiver General for Canada, at a weighted-average rate of 5.91 percent (1994—4.40 percent).....	238	171
	4,415	4,446

The weighted-average rate of interest on investment in securities held by the Fund during the year was 11.10 percent (1994—11.03 percent).

## Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Concluded

### NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1995—Concluded

#### 4. Administration

Expenditures of the Account represent the costs of services charged by the following federal government departments and agency:

	1995	1994
	(in millions of dollars)	
Human Resources Development Canada:		
Pension and benefit delivery, corporate services .....	112	100
Assignment and maintenance of social insurance numbers .....	1	1
Revenue Canada, Customs, Excise and Taxation:		
Collection of contributions .....	61	57
Public Works and Government Services Canada:		
Cheque issue and computer services .....	18	22
Accommodation .....	7	6
Office of the Superintendent of Financial Institutions:		
Actuarial Services .....	1	1
	200	187

The pension and benefit delivery, charged to the Account by Human Resources Development, include \$16.4 million (1994—\$14.5 million) for the Income Security Programs redesign project. At March 31, 1995, the cumulative charges to the Account for this project amount to \$47.2 million. The Account's share of the total cost of the project is estimated to be \$123.7 million. The expected completion date is 1997.

#### 5. Investment in securities

The balance on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for the purchase of securities of the provinces, territories and Canada. As required by the Canada Pension Plan, the monies available for security purchases are allocated to the provinces and territories in proportion to the contributions received in those provinces or territories during the preceding 10 years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

In 1994-95, there were no funds available for investment in provincial and territorial securities.

All securities are non-negotiable and have a term of 20 years or lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

#### 6. Pension and benefit overpayment

Canada Pension Plan (CPP) Administration periodically undertakes studies of the extent and causes of pension and benefit overpayment. Such a study was carried out in 1994-95. As a result, the CPP Administration estimated, through statistical extrapolation, the most likely value of incorrect pension and benefit pay outs. For pensions and benefits paid during 1994-95, undetected overpayment amounted to \$26 million (1994—\$27 million). This overpayment occurs as a result of administrative error and, to a significant degree, because of disability pension recipients who return to work without advising the CPP Administration.

Under the Act, when pension and benefit overpayment occur, the CPP Administration is required to recover the amount from the recipient, or seek approval for write-off. The systems and procedures in place are not sufficient to enable the CPP Administration to adequately identify overpayment, nor to adequately record, control and collect the potential accounts receivable from recipients. As a result of these administrative inadequacies, the provisions of the Act to this effect are unable to be fully applied.

During the past year, efforts have been made to address these deficiencies. It is expected that an accounts receivable system will be operational in 1995-96.

#### 7. Contingencies

At March 31, 1995, there were 17,387 (1994—16,961) appeals at various stages within the Canada Pension Plan. The estimated claims for these appeals against the Plan are \$47 million (1994—\$67 million). Any claim resulting from the resolution of these appeals will be accounted for as an expenditure of the period in which the claim is paid.

## Government Annuities Account

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by the Account's management in accordance with generally accepted accounting principles consistently applied. Management is responsible for the integrity and objectivity of the information in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions comply with relevant authorities, assets are safeguarded and proper records are maintained.

The Account's management recognizes the responsibility of conducting its affairs in compliance with the *Government Annuities Act*, *Government Annuities Improvement Act* and regulations.

The Commission oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The financial statements have been reviewed and approved by the Commission.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Account and for issuing his report thereon.

Scott Serson  
Chairperson

David A. Good  
Assistant Deputy Minister  
Financial and Administrative Services

### AUDITOR'S REPORT

#### TO THE MINISTER DESIGNATE OF HUMAN RESOURCES DEVELOPMENT

I have audited the balance sheet of the Government Annuities Account as at March 31, 1995 and the statements of operations and actuarial liabilities and changes in financial position for the year then ended. These financial statements are the responsibility of the Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at March 31, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Act*, the *Government Annuities Improvement Act* and the regulations.

Wm. F. Radburn, FCA  
Assistant Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
July 31, 1995



**Government Annuities Account—Continued**

## REPORT OF THE ACTUARY

I have valued the actuarial liabilities in the balance sheet of the Government Annuities Account at March 31, 1995 and their decrease in the Account's statement of operations for the year then ended, in accordance with accepted actuarial practice.

In my opinion, the evaluation is appropriate and the financial statements fairly present its results.

Michel Bédard  
Fellow of the Canadian Institute of Actuaries  
Chief Actuary  
Human Resources Development Canada

Hull, Canada  
July 31, 1995

**BALANCE SHEET AS AT MARCH 31, 1995**  
(in thousands of dollars)

ASSETS	1995	1994	LIABILITIES	1995	1994
Deposit with Receiver General for Canada .....	645,083	684,891	Actuarial surplus due to Canada .....	334	1,893
Accrued interest due from Canada .....	48,001	50,793	Actuarial liabilities (Note 3) .....	692,871	733,953
Accounts receivable .....	121	162			
	693,205	735,846		693,205	735,846

Approved by the Canada Employment and Immigration Commission:

SCOTT SERSON  
*Chairperson*

DAVID A. GOOD  
*Assistant Deputy Minister  
Financial and Administrative Services*

**Government Annuities Account—Continued**STATEMENT OF OPERATIONS AND ACTUARIAL LIABILITIES  
FOR THE YEAR ENDED MARCH 31, 1995  
(in thousands of dollars)

	1995	1994
Payments and other charges		
Annuity payments	87,719	90,311
Premium refunds	909	1,098
Unclaimed annuities	386	664
	89,014	92,073
Income		
Interest from Canada	48,001	50,793
Premiums	170	277
Other	95	99
	48,266	51,169
Excess of payments and other charges over income for the year	40,748	40,904
Actuarial liabilities, balance at beginning of the year	733,953	776,750
	693,205	735,846
Actuarial surplus	334	1,893
Actuarial liabilities, balance at end of the year (Note 3)	692,871	733,953
Actuarial liabilities are comprised of:		
Unmatured annuities, accumulated premiums and accrued interest	107,563	126,057
Matured annuities, present value	585,308	607,896
	692,871	733,953

STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED MARCH 31, 1995  
(in thousands of dollars)

	1995	1994
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	40,748	40,904
Decrease in accrued interest and accounts receivable	-2,833	-2,876
	37,915	38,028
Actuarial surplus remitted to Consolidated Revenue Fund	1,893	1,832
Total funds used	39,808	39,860
Deposit with Receiver General for Canada, balance at beginning of the year	684,891	724,751
Deposit with Receiver General for Canada, balance at end of the year	645,083	684,891

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 1995

## 1. Authority and purpose

The Government Annuities Account was established in 1908 by the *Government Annuities Act* (the "Act"), as modified by the *Government Annuities Improvement Act* (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The *Improvement Act* increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

## 2. Significant accounting policies

## (a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

## (b) Actuarial liabilities

Actuarial liabilities comprise: (i) in respect of un-matured annuities, accumulated premiums and accrued interest and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

The method utilized to calculate the actuarial liabilities is in accordance with the *Government Annuities Improvement Act* and the regulations pertaining thereto.

## (c) Actuarial surplus

At the end of any fiscal year, the recorded amount of actuarial liabilities may be different than the calculated amount of actuarial liabilities. The difference represents an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

## (d) Interest from Canada

Interest from Canada is calculated on actuarial liabilities as prescribed by the *Improvement Act*.

## (e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

## (f) Services provided without charge

The Account does not record the value of administrative services it receives without charge from the Canada Employment and Immigration Commission and other Government entities.

**Government Annuities Account—Concluded**

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1995—Concluded

3. Actuarial liabilities

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The Chief Actuary has indicated that the mortality tables in use continue to be appropriate for such purposes. The annual actuarial surplus of \$334,000 has fallen significantly from \$1,893,000 in 1993-94. The current mortality basis will require reconsideration if this experience is confirmed in the next few years and the Account generates an actuarial deficit.

4. Respective roles of the valuation actuary and of the auditor

In accordance with the Joint Policy Statement of the Canadian Institute of Chartered Accountants and the Canadian Institute of Actuaries, dated March 1991, it is appropriate to include a description of the respective roles of the actuary and of the auditor with the financial statements. Their respective roles are as follows:

- (a) The actuary, being in this case the Chief Actuary employed by the Canada Employment and Immigration Commission, determines and reports on the amount of actuarial liabilities for annuity contracts issued under the *Government Annuities Act*, as shown in the financial statements. This valuation is conducted in accordance with the Recommendations for Life Insurance Company Financial Reporting of the Canadian Institute of Actuaries. The Chief Actuary also determines that the method utilized to calculate the actuarial liabilities is in accordance with the *Government Annuities Improvement Act* and the regulations pertaining thereto.
  - (b) The auditor expresses an opinion on the fairness of financial statements prepared by management. The audit is conducted in accordance with generally accepted auditing standards issued by the Canadian Institute of Chartered Accountants.
-

# Royal Canadian Mounted Police (Dependants) Pension Fund

## MANAGEMENT REPORT

The management of the Royal Canadian Mounted Police (Dependants) Pension Fund is responsible for the preparation of the financial statements. These financial statements have been prepared in accordance with generally accepted accounting principles. They include estimates that reflect management's best judgements.

Management is also responsible for developing and maintaining a system of internal control designed to provide reasonable assurance that all transactions are accurately recorded and that they comply with the relevant authorities, that the financial statements report the Fund's results of operations and financial situation and that its assets are safeguarded.

The Auditor General of Canada conducts an independent audit and expresses an opinion on the financial statements.

Benoit Lalonde  
Manager  
Public Works and Government Services Canada  
RCMP Specialized Services

J.P.R. Murray  
Commissioner  
Royal Canadian Mounted Police

June 23, 1995

## AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have audited the statement of net assets available for benefits and accrued pension benefits of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1995 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits of the Fund as at March 31, 1995 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

D. Larry Meyers, FCA  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
June 23, 1995



# **Royal Canadian Mounted Police (Dependants) Pension Fund—Continued**

## **STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AS AT MARCH 31, 1995**

	1995	1994
	\$	\$
Net assets available for benefits		
Due from the Consolidated Revenue Fund . . . . .	25,211,617	23,951,391
Accrued pension benefits (Pension Obligations)		
Actuarial present value of accrued pension benefits (Note 3) . . . . .	18,874,000	15,584,000
Excess of net assets available for benefits over actuarial present value of accrued pension benefits . . . . .	6,337,617	8,367,391

Approved:

BENOIT LALONDE

Manager

Public Works and Government Services Canada

RCMP Specialized Services

J.P.R. MURRAY

Commissioner

## **STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED MARCH 31, 1995**

	1995	1994
	\$	\$
Increase in assets		
Interest income on Due from the Consolidated Revenue Fund . . . . .	2,453,940	2,371,971
Contributions from participants . . . . .	15,813	15,888
Total increase in assets . . . . .	2,469,753	2,387,859
Decrease in assets		
Benefits payments:		
Widows and children . . . . .	1,188,379	1,086,235
Lump sum . . . . .	9,543	
Contribution withdrawn . . . . .	11,605	
Total decrease in assets . . . . .	1,209,527	1,086,235
Increase in net assets . . . . .	1,260,226	1,301,624
Net assets available for benefits at beginning of year . . . . .	23,951,391	22,649,767
Net assets available for benefits at end of year . . . . .	25,211,617	23,951,391

**Royal Canadian Mounted Police (Dependants)****Pension Fund—Continued**

NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 1995

**1. Description of the plan**

The following brief description of the Royal Canadian Mounted Police (Dependants) Pension Fund is for general information only. For more complete information, reference should be made to the *Royal Canadian Mounted Police Pension Continuation Act* (the Act). All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

**(a) General**

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (effective 1959) and the related Regulations.

The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions.

**(b) Funding policy**

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, many retired members are still making instalment payments in respect of previous elections made before their retirement.

The Act directs the Minister of Finance to have an actuarial valuation of the Fund prepared at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

**(c) Government contributions**

So far the Government of Canada has not made, and was not required to make, any contributions to the Fund as a guarantor of its solvency. However, the Government of Canada credits the Fund with interest computed quarterly on the balance of the due from the Consolidated Revenue Fund at the end of the preceding quarter. The interest income corresponds to an annual rate of return of about 10.5 percent in 1995 (1994—10.7 percent).

**(d) Basic death benefits**

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

**i) Widows' pensions**

The widow is entitled to the pension purchased by the member. In many cases the pension equals approximately 1.5 percent of the member's final pay multiplied by his years of credited service. The pension is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

**ii) Eligible children's annuities**

An annuity, not exceeding 7 percent of the member's final pay, is payable to each surviving child eligible in accordance with the provisions of the Act at that time. If there is no surviving widow or if the widow dies before the child's annuity ceases, the amount of the annuity doubles.

**iii) Lump sum benefits**

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit. The lump sum amount is equal to the actuarial present value of a pension to a hypothetical surviving widow 20 years older than the member at his death, but not exceeding 75 years of age.

**iv) Benefit limitations**

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow. A similar limitation applies to a retired member who marries before age 60 and dies within 5 years after such marriage, unless the Commissioner is convinced that the member was in sound health.

**(e) Dividends on death benefits**

The Act also provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments to be made out of it, the Governor in Council may by order increase the benefits provided under Part IV, or any of them, in such manner as may appear equitable and expedient.

**Royal Canadian Mounted Police (Dependants)****Pension Fund—Concluded**

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1995—*Concluded*

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective. As a result, the pension payments made in the year included an increase of 510 percent (460 percent in 1994) of the basic pension amount.

## (f) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV and those of his dependants shall cease upon such election.

All returns of contributions are made without interest.

## 2. Significant accounting policies

## (a) Basis of presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the sponsor and Fund members.

## (b) Increases and decreases in assets are recorded on the accrual basis.

## (c) Services provided without charge

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies. These services include the following:

- management and other support services from the Royal Canadian Mounted Police;
- actuarial valuation and other services from the Office of the Superintendent of Financial Institutions;
- accounting and cheque issue from Public Works and Government Services Canada; and,
- audit from the Office of the Auditor General.

## 3. Obligations for pension benefits

The most recent statutory actuarial valuation was made as at March 31, 1994 by the Director, Public Pensions Section of the Office of the Superintendent of Financial Institutions. The valuation disclosed an actuarial surplus of \$8,826,000. A portion of this surplus, estimated at \$3,008,000, will be distributed by increases in the basic pension amount of 55 percent a year effective on April 1, 1995, April 1, 1996 and April 1, 1997. A further \$111,000 will be used to increase lump sum benefit payments.

The remaining \$5,707,000 balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases (averaging 4.2 percent annually) in the pension benefits. The remaining life of the Fund was estimated at 42 years at the end of the year. The average age of the members and widows was about 73 and 75 years old respectively as at March 31, 1994 and the expected average number of years of benefits payments to the current widows was about 13 years.

The obligations for pension benefits are determined on an actuarial basis and incorporate the actuary's best estimates of future interest rates, mortality rates, proportion of members married, and age of new widows. Current interest rates are blended gradually into long-term interest rates. The expected long-term interest rate beginning in six years (for year 2001) is estimated to be 6 percent on new money. Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

The results of the 1994 valuation were extrapolated to March 31, 1995. The actuarial present value of accrued pension benefits as at March 31, 1995 (net after deduction of \$96,000 (\$83,000 in 1994) representing the present value of participants' future instalment payments) and the principal components of changes in the actuarial present value during the year were estimated as follows:

	1995	1994
	(in thousands of dollars)	
Actuarial present value of accrued pension benefits at beginning of year ..	15,584	15,082
Net adjustment arising from experience gains and losses and from changes in actuarial assumptions as at March 31, 1994 .....	-471	
Amendments to the plan, including dividend increases .....	3,119	
Net interest accrued on benefits .....	1,836	1,572
Contributions from participants (instalment payments) .....	16	16
Benefits payments .....	-1,210	-1,086
Actuarial present value of accrued pension benefits at end of year .....	18,874	15,584

# SECTION 7

1994-95

PUBLIC ACCOUNTS

## Current Assets

### CONTENTS

	<i>Page</i>
Cash in bank.....	7.3
Cash in transit .....	7.4
Outstanding cheques and warrants .....	7.5
Accounts receivable .....	7.6



## CURRENT ASSETS

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Current Assets".

Table 7.1 presents the year-end balances of current assets by category. Chart 7A compares current assets for the last ten fiscal years.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances.

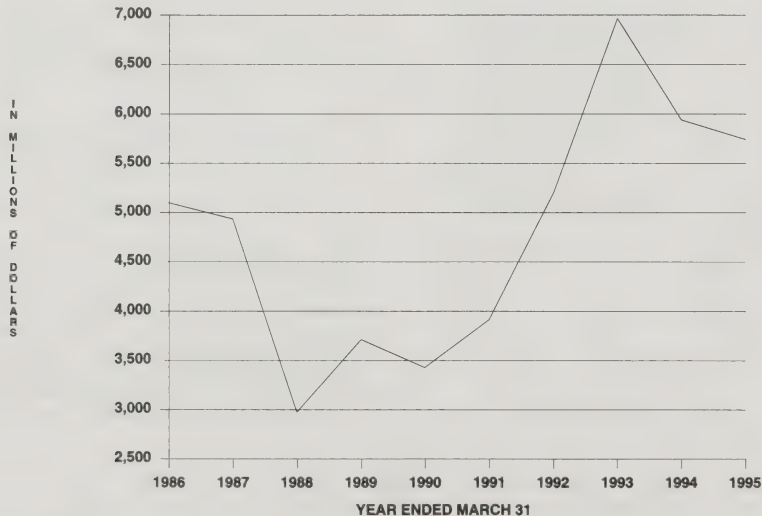
**TABLE 7.1**

### CURRENT ASSETS

	April 1/1994	March 31/1995
	\$	\$
Cash in bank, Table 7.2 .....	2,137,366,762	1,893,378,077
Cash in transit, Table 7.5 .....	3,312,862,018	3,240,622,247
	<i>5,450,228,780</i>	<i>5,134,000,324</i>
Less: outstanding cheques and warrants, Table 7.6 .....	4,014,770,712	3,751,047,974
Total cash .....	1,435,458,068	1,382,952,350
Accounts receivable, Table 7.7 .....	4,495,720,775	4,352,860,000
Total .....	5,931,178,843	5,735,812,350

**CHART 7A**

### CURRENT ASSETS



## Cash in Bank

This account records public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 7.2 presents a summary of the balances in current and special Receiver General deposits.

The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and German marks.

**TABLE 7.2**  
**CASH IN BANK**

	April 1/1994	March 31/1995
	\$	\$
Receiver General—		
Current deposits—		
Canadian currency, Table 7.3 .....	2,032,486,814	1,817,364,435
Foreign currencies, Table 7.4 .....	103,761,063	74,570,974
Special deposits .....	1,118,885	1,442,668
<b>Total .....</b>	<b>2,137,366,762</b>	<b>1,893,378,077</b>

## Receiver General current deposits

The monthly comparative balances of Canadian and foreign currency deposits are presented in the following tables:

**TABLE 7.3**  
**CANADIAN CURRENCY DEPOSITS**  
(in millions of dollars)

At end of month of	Year ended March 31	
	1995	1994
April .....	1,383	1,471
May .....	1,691	2,253
June .....	591	1,423
July .....	599	2,328
August .....	1,393	2,979
September .....	1,728	1,073
October .....	1,215	2,895
November .....	1,189	2,074
December .....	3,146	960
January .....	1,544	516
February .....	2,016	1,468
March .....	1,817	2,032

**TABLE 7.4**

**FOREIGN CURRENCY DEPOSITS**  
(translated into Canadian dollars)  
(in millions of dollars)

At end of month of	Year ended March 31	
	1995	1994
April .....	13	47
May .....	40	33
June .....	32	25
July .....	28	32
August .....	32	27
September .....	17	30
October .....	1	30
November .....	14	29
December .....	38	25
January .....	14	24
February .....	21	29
March .....	75	104

## Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

## Cash in Transit

Table 7.5 presents a summary of the balances for cash in transit. This category of accounts records amounts which are reported in the financial statements, but which were not deposited in the Consolidated Revenue Fund or other bank accounts until after March 31.

**TABLE 7.5**

### CASH IN TRANSIT

	April 1/1994	March 31/1995
	\$	\$
Cash in hands of collectors and in transit .....	3,225,103,625	3,112,820,236
Moneys received after March 31 but applicable to the current year .....	63,097,393	91,987,011
Less: portion transferred to accounts receivable—Other receivables .....	63,053,000	91,329,000
	44,393	658,011
Other cash—Consolidated Crown corporations <sup>(1)</sup> .....	87,714,000	127,144,000
<b>Total .....</b>	<b>3,312,862,018</b>	<b>3,240,622,247</b>

<sup>(1)</sup> Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

### Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

### Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes receipts to be credited to asset, liability and (in exceptional cases) tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

### Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.

## Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 7.6 presents a summary of the balances for outstanding cheques and warrants.

**TABLE 7.6**  
**OUTSTANDING CHEQUES AND WARRANTS**

	April 1/1994	March 31/1995
	\$	\$
Outstanding cheques .....	3,633,805,422	3,459,891,220
Imprest account cheques .....	470,569	403,528
Unemployment insurance warrants .....	380,494,721	290,753,226
<b>Total .....</b>	<b>4,014,770,712</b>	<b>3,751,047,974</b>

### Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenues. During the year, an amount of \$9,594,055 was transferred to non-tax revenues.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

### Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenues), are recorded in this account. During the year, an amount of \$825,445 was transferred to non-tax revenues.

### Unemployment insurance warrants

This account records outstanding unemployment insurance benefit warrants.



## Accounts Receivable

Accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to a Government body for use of its assets, or from the proceeds for provision of services as of the accounting date. Non-tax revenues and revenues credited to votes receivable are accounted for in the period the transactions or events give rise to the revenues.

Accounts receivable written off or forgiven are included in Section 3 of Volume II Part II (Statement of debts, obligations and claims written off or forgiven).

Accounts receivable for tax revenues are not recorded in the accounts of Canada. However, these amounts are reported on a memorandum basis and details of the balances are included in Section 4 of Volume II Part II.

Table 7.7 presents a summary of the balances for accounts receivable.

**TABLE 7.7**

### ACCOUNTS RECEIVABLE

	April 1/1994	March 31/1995
	\$	\$
Non-tax revenues and revenues credited to votes receivable <sup>(1)</sup>	3,729,180,000	4,098,764,000
Provincial Tax Collection Agreements Account <sup>(2)</sup>	554,991,775	
Other receivables	63,053,000	91,329,000
Accounts receivable of consolidated Crown corporations <sup>(3)</sup>	148,496,000	162,767,000
<b>Total</b>	<b>4,495,720,775</b>	<b>4,352,860,000</b>

<sup>(1)</sup> Non-tax revenues and revenues credited to votes receivable are net of an allowance for doubtful accounts of \$1,676 million for 1995 (\$1,496 million for 1994).

<sup>(2)</sup> The Provincial Tax Collection Agreements Account is usually reported as a liability on the Statement of Assets and Liabilities under "Current Liabilities and Allowances". Since the opening balance is in a debit position, it is reported as an account receivable. Further details are provided in Table 5.3 (Section 5 of this volume).

<sup>(3)</sup> Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

### Non-tax revenues and revenues credited to votes receivable

This account records accrued financial claims owed to the Government and arising from non-tax revenues and revenues credited to votes. These receivables are accounted for in the period in which the transactions or events occurred.

### Other receivables

This account records public moneys received after March 31, but applicable to the year just ended. It includes refunds of old year expenditures received prior to the closing of the accounts, and receipts to be credited to non-tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

### Accounts receivable of consolidated Crown corporations

This account records the financial claims of consolidated Crown corporations.

Table 7.8 presents disclosure of information related to long-term accounts receivable for non-tax revenues and revenues credited to votes. A long-term account receivable is defined as an account receivable where settlement is not due for at least 12 months after the accounting date.

**TABLE 7.8**

### LONG-TERM ACCOUNTS RECEIVABLE FOR NON-TAX REVENUES AND REVENUES CREDITED TO VOTES

(in thousands of dollars)

Categories of accounts receivable	1995			1994
	Gross accounts receivable	Allowance for doubtful accounts	Net accounts receivable	Net accounts receivable
Non-tax revenues—				
Return on investments .....	598,394	6,016	592,378	600,053
Refunds of previous years' expenditures .....	1,104,388	251,103	853,285	559,559
Privileges, licences and permits .....				7,221
Proceeds from sales .....	1,703	1,187	516	531
Miscellaneous .....				23,031
Total long-term accounts receivable .....	1,704,485	258,306	1,446,179	1,190,395

Table 7.9 presents the aging for non-tax revenues and revenues credited to votes receivable (net of allowance for doubtful accounts) for the period over which claims at March 31, 1995 have been outstanding.

**TABLE 7.9**

### AGING OF ACCOUNTS RECEIVABLE FOR NON-TAX REVENUES AND REVENUES CREDITED TO VOTES

(in thousands of dollars)

Categories of accounts receivable	Outstanding days				Total as at March 31, 1995
	0—30	31—60	61—90	Over 90	
Non-tax revenues—					
Return on investments .....	328,671	3	1,775	168,705	499,154
Proceeds from sales .....	3,313	518	297	1,094	5,222
Refunds of previous years' expenditures .....	84,031	3,754	1,985	145,615	235,385
Privileges, licences and permits .....	10,711	1,334	762	23,313	36,120
Services and service fees .....	31,196	8,389	2,883	10,752	53,220
Miscellaneous .....	98,613	27,802	18,701	960,628	1,105,744
Revenues credited to votes .....	248,541	46,428	13,274	212,887	521,130
Other amounts .....	805,076	88,228	39,677	1,522,994	2,455,975 <sup>(1)</sup> 1,642,789
Total non-tax revenues and revenues credited to votes receivable (net of allowance for doubtful accounts) .....					4,098,764

<sup>(1)</sup> This amount represents long-term accounts receivable and other amounts, which if included, would cause the aging schedule to be misleading.



# SECTION 8

1994-95

PUBLIC ACCOUNTS

## Foreign Exchange Accounts

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Supplementary statement—	
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## FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenues, and net losses are charged to expenditures of the Department of Finance.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$16,921 million as at March 31, 1995 (\$10,668 million as at March 31, 1994); details relating to these obligations are presented in Section 6 of this volume. Chart 8A compares the net foreign exchange accounts for the last ten fiscal years.

TABLE 8.1

### FOREIGN EXCHANGE ACCOUNTS

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
International reserves held in the Exchange Fund				
Account, Table 8.2 .....	13,155,455,319	110,050,880,690	108,850,599,803	14,355,736,206
International Monetary Fund—Subscriptions .....	8,443,291,899	989,867,136		9,433,159,035
	21,598,747,218	111,040,747,826	108,850,599,803	23,788,895,241
Less:				
International Monetary Fund—Notes payable .....	7,150,858,006	920,983,457	1,507,511,728	7,737,386,277
Special Drawing Rights allocations .....	1,522,989,826		178,550,925	1,701,540,751
	8,673,847,832	920,983,457	1,686,062,653	9,438,927,028
Total .....	12,924,899,386	111,961,731,283	110,536,662,456	14,349,968,213

CHART 8A

### FOREIGN EXCHANGE ACCOUNTS



## International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1994, together with the Auditor General's report thereon, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 1995. Gold held by the Account is valued at 35 SDRs per fine ounce (\$76.42 Cdn as at March 31, 1995 and \$68.40 Cdn as at March 31, 1994).

In 1994-95, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$109,450 million, a valuation adjustment of \$34 million and an adjustment of \$567 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$108,851 million.

TABLE 8.2

### INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT

(in millions of dollars)

	March 31/1995	March 31/1994
US cash on deposits .....	172	320
US dollar short-term deposits .....	2,807	2,220
US dollar investments .....	8,441	7,983
Deutsche marks cash on deposits .....	158	175
Deutsche marks short-term deposits .....	119	180
Japanese yen cash on deposits .....	(1)	(1)
Japanese yen short-term deposits .....	379	358
Special Drawing Rights .....	1,981	1,528
Gold .....	298	391
Canadian cash on deposits .....	1	(1)
Total .....	14,356	13,155
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (1995, \$12,379 million US; 1994, \$7,711 million US) .....	17,321	10,668
Special Drawing Rights (1995, SDR 38 million; 1994, SDR 38 million) .....	84	75
Canadian dollar deposit with the Receiver General for Canada .....	-3,616	1,755
Total advances from the Consolidated Revenue Fund .....	13,789	12,498
Total net income from January 1 to March 31 .....	567	657
Total .....	14,356	13,155

(1) Less than \$500,000.

## **International Monetary Fund—Subscriptions**

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 1994-95, payments and other charges consisted of a maintenance of value adjustment of \$828 million and a valuation adjustment of \$162 million.

## **International Monetary Fund—Notes Payable**

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1994-95, notes payable to the IMF increased by \$586 million.

## **Special Drawing Rights Allocations**

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1994-95, receipts and other credits consisted of a valuation adjustment of \$179 million.

# SUPPLEMENTARY STATEMENT

## Exchange Fund Account

### MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the financial statements of the Exchange Fund Account and all other information presented in this Annual Report rests with the Department of Finance. The operation of the Account is governed by the provisions of Part II of the *Currency Act*. The Account is administered by the Bank of Canada as fiscal agent.

The financial statements were prepared in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements. These policies were applied on a basis consistent with that of the preceding year.

The Department of Finance establishes policies for Exchange Fund Account transactions and investments, and related accounting activities. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada effects transactions for the Account and maintains records, as required to provide reasonable assurance regarding the reliability of the financial statements. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of his audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are part of the Public Accounts, and are referred to the Standing Committee on Public Accounts for their review.

Approved:

GORDON THIESSEN  
Governor  
Bank of Canada

D.A. DODGE  
Deputy Minister  
Department of Finance

JOHN MURRAY  
Chief, International Department  
Bank of Canada

### AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Exchange Fund Account as at December 31, 1994 and the statement of revenues due to the Consolidated Revenue Fund for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Department of Finance, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at December 31, 1994 and the revenues due to the Consolidated Revenue Fund for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part II of the *Currency Act*.

D. Larry Meyers, FCA  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
March 14, 1995



## Exchange Fund Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1994

(in millions of dollars)

ASSETS	1994		1993		LIABILITIES	1994		1993	
	US	C	US	C		C		C	
Denominated in US dollars					Due to the Consolidated Revenue Fund				
Cash and short-term deposits . . .	2,227	3,121	2,451	3,240	Advances (Note 9) . . . . .	10,480		8,136	
Marketable securities (Note 3) . .	4,734	6,636	3,825	5,055	Revenues for the year . . . . .	1,905		2,634	
	6,961	9,757	6,276	8,295					
Denominated in other foreign currencies									
Cash and short-term deposits (Note 4) . . . . .	233	326	156	206					
Marketable securities (Note 5) . .	285	400	353	466					
	518	726	509	672					
Denominated in special drawing rights									
Special drawing rights (Note 6) .	1,157	1,622	1,071	1,416					
Gold (Note 7) . . . . .	199	279	292	386					
	1,356	1,901	1,363	1,802					
Official international reserve assets (Note 8) . . . . .	8,835	12,384	8,148	10,769					
Denominated in Canadian dollars									
Cash . . . . .		1		1					
		12,385		10,770					
						12,385		10,770	

Commitments (Note 10)

Approved:

GORDON THIESSEN

Governor

Bank of Canada

D.A. DODGE

Deputy Minister

Department of Finance

JOHN MURRAY

Chief, International Department

Bank of Canada

**Exchange Fund Account—Continued**

STATEMENT OF REVENUES DUE TO THE CONSOLIDATED  
REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 1994  
(in millions of Canadian dollars)

	1994	1993
Investment income		
Marketable securities	168	347
Cash and short-term deposits	131	105
Special drawing rights	67	63
Gold	5	12
	371	527
Other income		
Gain on sales of gold	992	1,561
Net foreign exchange gains (Note 11)	542	546
	1,534	2,107
Revenues for the year due to the Consolidated Revenue Fund (Note 2 (f))	1,905	2,634

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1994

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act* (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar, and the Minister acquires or sells for the Account those assets which are deemed appropriate for this purpose in accordance with the Act. The Act requires that the Minister publish in the Canada Gazette the list of currencies and units of account deemed eligible as assets of the Exchange Fund Account, as well as the investment criteria used for the designation of eligible issuers and securities.

2. Significant accounting policies

The following accounting policies, which conform to the stated accounting policies of the Government of Canada as used in Public Accounts, have been applied on a basis consistent with that of the preceding year.

(a) Valuation of assets

Marketable securities are adjusted for amortized premiums or discounts where applicable, and are reported at the lower of book or market value. Marketable securities, short-term deposits and special drawing rights (SDRs) include accrued interest. The SDR is a unit of account issued by the International Monetary Fund (IMF), and its value is determined in terms of a basket of five major currencies.

Gold includes gold loans and accrued interest on gold loans. Gold is held in the Account at a value of 35 SDRs per fine ounce.

(b) Translation of foreign currencies and SDRs

Investment income in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded.

Net foreign exchange gains or losses result from the translation of foreign currency balances and transactions throughout the year.

Assets and liabilities denominated in foreign currencies and SDRs are translated into Canadian and US dollar equivalents at year-end market exchange rates, which were as follows:

	1994	1993
US dollar	1.401800	1.321700
Japanese yen	0.014050	0.011820
Deutsche mark	0.905300	0.759800
Special drawing right	2.046420	1.818570

(c) Investment income

Investment income is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of marketable securities.

(d) Disposition of revenues

The revenues for the year are payable to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the year in accordance with the Act.

(e) Services received without charge

The Account receives, without charge, administrative, custodial and fiscal agency services from the Bank of Canada.

(f) Interest free advances

The Account receives interest free advances from the Consolidated Revenue Fund.

3. Marketable securities denominated in US dollars

	1994		1993	
	US	C	US	C
(in millions of dollars)				
US Government securities	2,665	3,736	3,608	4,769
US Federal Agencies securities	1,228	1,721		
Sovereign paper	620	869		
International Bank for Reconstruction and Development bonds	193	271	196	258
Accrued interest	28	39	21	28
	4,734	6,636	3,825	5,055

Estimated market value at year end:

1994—US\$ 4,734 million (C\$ 6,636 million)  
1993—US\$ 3,831 million (C\$ 5,063 million)

## Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1994—Continued

## 4. Cash and short-term deposits denominated in other foreign currencies

	1994		1993	
	US	C	US	C
	(in millions of dollars)			
Japanese yen .....	3	4	5	6
Deutsche marks .....	229	321	150	199
Accrued interest .....	1	1	1	1
	233	326	156	206

## 5. Marketable securities denominated in other foreign currencies

	1994		1993	
	US	C	US	C
	(in millions of dollars)			
German Treasury discount paper .....	32	45	103	136
Japanese government securities .....	253	355	250	330
	285	400	353	466

## Estimated market value at year end:

1994—US\$ 287 million (C\$ 402 million)

1993—US\$ 353 million (C\$ 467 million)

## 6. Special drawing rights

	1994	1993
	(in millions of SDRs)	
Held at the end of the year .....	787	773
Accrued interest .....	6	5
	793	778

	1994		1993	
	US	C	US	C
	(in millions of dollars)			
Held at the end of the year ...	1,148	1,609	1,064	1,406
Accrued interest .....	9	13	7	10
	1,157	1,622	1,071	1,416

## 7. Gold

	1994	1993
	(in thousands of fine ounces)	
Held at the beginning of the year		
Gold	3,615	6,211
Gold loans	2,438	3,732
	6,053	9,943
Sold during the year	2,168	3,890
Held at the end of the year	3,885	6,053
Composed of		
Gold	999	3,615
Gold loans	2,886	2,438
	3,885	6,053

	1994		1993	
	US	C	US	C
	(in millions of dollars)			
Held at the end of the year				
Gold .....	51	71	174	230
Gold loans .....	147	207	117	155
Accrued interest on gold loans .....	1	1	1	1
	199	279	292	386

The book value, market value (based on London fixings), and approximate Canadian dollar cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1994		1993	
	Price per fine ounce	Total value in millions	Price per fine ounce	Total value in millions
Book value—US\$ .....	51.09	198	48.15	291
—C\$ .....	71.62	278	63.65	385
Market value—US\$ .....	382.50	1,486	390.65	2,365
—C\$ .....	536.19	2,083	516.32	3,125
Approximate historical cost—C\$ .....	36.91	143	36.91	223

The Minister of Finance has authorized loans and/or sales, at market prices, of part of the gold held by the Account, to the Royal Canadian Mint and others.

**Exchange Fund Account—Continued**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1994—Continued

**8. Official international reserve assets**

The Account is the principal repository of Canada's official international reserves. Reserves are comprised of the Account's foreign assets, of deposit balances in foreign currencies held by the Receiver General (or CRF), of Canada's reserve position in the International Monetary Fund that is held by the Minister of Finance, and of foreign currencies held by the Bank of Canada. At December 31, 1994 total reserves, as published by the Department of Finance, amounted to US\$ 12.5 billion (1993—US\$ 12.8 billion) of which the Account accounted for US\$ 8.9 billion (1993—US\$ 8.1 billion). The remaining US\$ 3.6 billion (1993—US\$ 4.7 billion) was held by the Bank of Canada, the CRF and the Minister of Finance.

**9. Due to the Consolidated Revenue Fund—Advances**

The Account is funded by advances from the CRF. These are currently limited to C\$ 25 billion by Order in Council dated June 30, 1988. The CRF does not charge interest on advances to the Account. At year end, advances from (to) the CRF consisted of:

	1994	1993
	(in millions of Canadian dollars)	
US dollars .....	13,539	8,731
Canadian dollars .....	-3,138	-665
Special drawing rights .....	79	70
	<u>10,480</u>	<u>8,136</u>

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayments of foreign currency debt are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations to Canada are charged directly to the CRF.

**10. Commitments****(a) Currency swaps**

The Account enters into short-term currency swap arrangements with the Bank of Canada and with major financial institutions. The objective of swaps with the Bank of Canada is to assist the Bank in its cash management operations while the objective of swaps with financial institutions is to assist the Government in managing its domestic cash balances in a more cost-effective manner. Under these agreements, the Account

sells US dollars for Canadian dollars, with simultaneous agreements to repurchase US dollars on future dates at predetermined exchange rates. Swaps with the Bank of Canada are unwound at the same exchange rates as those used in the initial sales, while the rates used in swaps with financial institutions reflect the premium or discount prevailing in the market at the time the swaps were entered into. These swaps result in decreases in the Account's foreign currency assets and in the level of advances from the CRF. The effect is reversed when the swaps mature. Net foreign exchange gains or losses on currency swaps are recorded at maturity using exchange rates prevailing at that time.

At year end, the Account had the following commitments to repurchase US dollars under swap arrangements:

	1994		1993	
	US	C	US	C
	(in millions of dollars)			
Bank of Canada .....	2,578	3,604	3,529	4,702
Financial institutions .....			600	797
	<u>2,578</u>	<u>3,604</u>	<u>4,129</u>	<u>5,499</u>

**(b) Uncompleted transactions**

At year end, the Account had short-term commitments for net purchases of US\$ 7 million (1993—net purchases of US\$ 211 million) against C\$ 10 million (1993—C\$ 280 million).

**(c) Gold options**

The Minister of Finance authorized the sale of call options on part of the Account's gold holdings. Under such transactions, the Account receives a premium against commitments to sell gold, at predetermined prices, on the expiry date of the options which can be exercised at the holder's discretion. No gold is sold unless the holders of the options exercise their right on the expiry dates.

At year end, the Account had no outstanding commitments to sell gold under short-term call option contracts (1993—120,000 fine ounces of gold, with a total value of US\$ 49 million).



**Exchange Fund Account—Concluded**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1994—*Concluded*

## 11. Net foreign exchange gains (losses)

	1994			1993
	Assets	Liabilities	Net	Net
(in millions of Canadian dollars)				
Assets and liabilities denominated in:				
US dollars . . . . .	760	-548	212	362
Japanese yen . . . . .	65		65	117
Deutsche marks . . . . .	56		56	-8
Special drawing rights . . . . .	218	-9	209	75
	1,099	-557	542	546

## 12. Related party transactions

The Account is related in terms of common ownership to Government of Canada departments, agencies and Crown corporations. It effects transactions with such entities in the normal course of business.

# SECTION 9

**1994-95**

**PUBLIC ACCOUNTS**

## **Loans, Investments and Advances**

### **CONTENTS**

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## LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenues, while net losses are charged to expenditures of the Department of Finance.

The allowance established to reflect reductions from the recorded value to the estimated realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under section 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to return on investments; details are provided in Section 3 of this volume and in Section 12 of Volume II (Part II).

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category. Chart 9A presents the total loans, investments and advances by category for the current fiscal year, while Chart 9B compares the total loans, investments and advances for the last ten fiscal years.

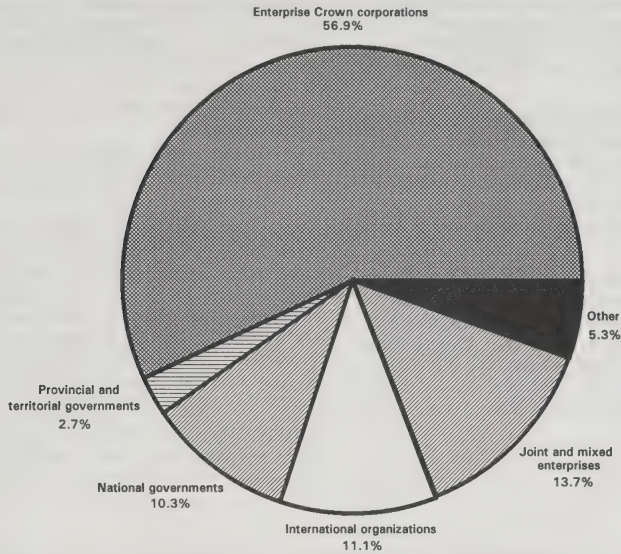
Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits.

TABLE 9.1

### LOANS, INVESTMENTS AND ADVANCES

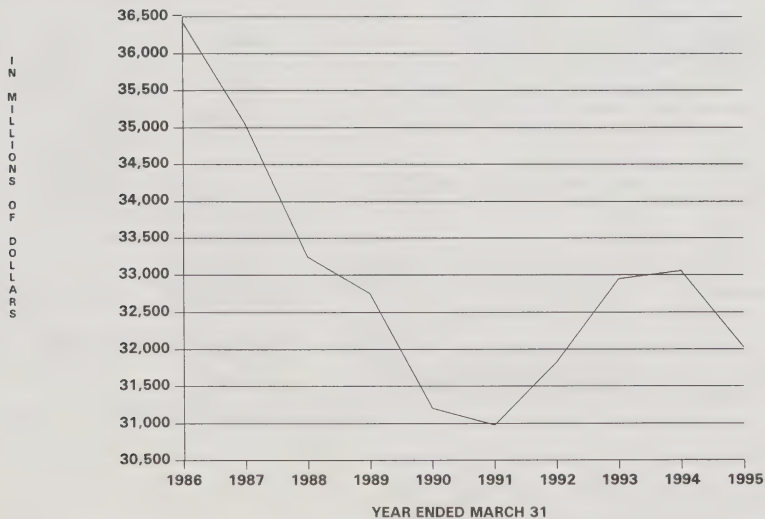
	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Enterprise Crown corporations, Table 9.2 .....	19,283,120,139	1,470,280,083	2,535,744,141	18,217,656,081
Joint and mixed enterprises, Table 9.11 .....	4,373,416,574			4,373,416,574
National governments including developing countries, Table 9.12 .....	3,433,942,371	322,122,724	473,998,828	3,282,066,267
International organizations, Table 9.13 .....	5,690,630,673	609,324,340	820,108,888	5,479,846,125
Less: notes payables, Table 9.13 .....	2,330,975,025	828,482,069	432,852,356	1,935,345,312
	3,359,655,648	1,437,806,409	1,252,961,244	3,544,500,813
Provincial and territorial governments, Table 9.14 .....	1,111,308,875	69,657,934	304,470,049	876,496,760
Other loans, investments and advances, Table 9.15 .....	1,478,305,774	2,330,175,558	2,098,092,480	1,710,388,852
	33,039,749,381	5,630,042,708	6,665,266,742	32,004,525,347
Less: allowance for valuation .....	16,000,000,000	1,100,000,000		14,900,000,000
Total .....	17,039,749,381	6,730,042,708	6,665,266,742	17,104,525,347

**CHART 9A**  
**LOANS, INVESTMENTS AND ADVANCES BY CATEGORY FOR 1994-95<sup>(1)</sup>**



<sup>(1)</sup> Before the allowance for valuation

**CHART 9B**  
**LOANS, INVESTMENTS AND ADVANCES<sup>(1)</sup>**



<sup>(1)</sup> Before the allowance for valuation



## Entreprise Crown Corporations

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditures and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the *Financial Administration Act*, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed in Schedule III to the *Financial Administration Act* are agents of Her Majesty in Right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; or,
- (iii) proclamation by the *Government Corporations Operation Act*.

Financial statements of parent enterprise Crown corporations can be found in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that report whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations.

TABLE 9.2

### ENTERPRISE CROWN CORPORATIONS

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Canada Deposit Insurance Corporation .....	3,151,000,000	350,000,000	1,341,000,000	2,160,000,000
Canada Mortgage and Housing Corporation—				
Capital stock .....	25,000,000			25,000,000
Housing .....	4,907,972,866		117,935,946	4,790,036,920
Real estate .....	313,705,528		24,264,964	289,440,564
Joint projects .....	1,674,876,423		51,929,531	1,622,946,892
Urban renewal scheme .....	2,041,471		631,713	1,409,758
Student housing projects .....	325,449,039		6,312,752	319,136,287
Sewage treatment projects .....	790,216,066		30,355,764	759,860,302
Ownership assistance .....	60,810,740		8,812,009	51,998,731
	8,100,072,133		240,242,679	7,859,829,454
Canadian National Railway System—				
Capital stock .....	2,278,866,774			2,278,866,774
Consolidated loan .....	99,625,948		18,946,141	80,679,807
	2,378,492,722		18,946,141	2,359,546,581
Export Development Corporation .....	813,200,000	38,000,000		851,200,000
Farm Credit Corporation—				
Contributed capital .....	1,118,333,000			1,118,333,000
Notes .....	2,476,994,944	664,500,000	627,547,956	2,513,946,988
Farm syndicates loan fund .....	11,128,846		1,455,494	9,673,352
	3,606,456,790	664,500,000	629,003,450	3,641,953,340
Federal Business Development Bank .....	303,400,000			303,400,000

TABLE 9.2

ENTERPRISE CROWN CORPORATIONS—*Concluded*

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Other—				
Atomic Energy of Canada Limited—				
Capital stock .....	15,000,000			15,000,000
Contributed capital .....	149,159,473			149,159,473
Housing .....	1,242,804		354,424	888,380
Heavy water inventory .....	14,500,000		1,000,000	13,500,000
	179,902,277		1,354,424	178,547,853
Bank of Canada .....	5,920,000			5,920,000
Canada Development Investment Corporation .....	395,658,315			395,658,315
Canada Hibernia Holding Corporation—				
Contributed surplus .....	94,977,113	113,385,083		208,362,196
Canada Ports Corporation—				
Loans .....	581,044		68,299	512,745
Interport Loan Fund .....	50,000,000			50,000,000
	50,581,044		68,299	50,512,745
Canada Post Corporation .....	80,000,000			80,000,000
Canadian Dairy Commission .....	26,590,000	255,595,000	250,445,000	31,740,000
Canadian Saltfish Corporation .....	3,650,000	3,650,000	7,300,000	
Cape Breton Development Corporation .....	5,000,000	10,000,000	10,000,000	5,000,000
Freshwater Fish Marketing Corporation .....	3,750,000	35,150,000	36,100,000	2,800,000
Montreal Port Corporation .....	4,661,989		551,187	4,110,802
Prince Rupert Port Corporation .....	16,181,742		403,010	15,778,732
Royal Canadian Mint—				
Capital stock .....	40,000,000			40,000,000
Loans .....	2,869,825		22,265	2,847,560
	42,869,825		22,265	42,847,560
Saint John Port Corporation .....	18,052,457			18,052,457
Vancouver Port Corporation .....	2,703,732		307,686	2,396,046
	930,498,494	417,780,083	306,551,871	1,041,726,706
Total .....	19,283,120,139	1,470,280,083	2,535,744,141	18,217,656,081

**Canada Deposit Insurance Corporation**

The Corporation was established by the *Canada Deposit Insurance Corporation Act*, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Section 42 of the *Canada Deposit Insurance Corporation Act* provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$6,000,000,000.

The loans bear interest at rates from 4.49 percent to 8.342 percent per annum, and are repayable between April 7, 1995 and December 31, 1997.

During the year, the Corporation paid interest of \$186.2 million to the Government.

**Canada Mortgage and Housing Corporation**

The Corporation was established by the *Canada Mortgage and Housing Corporation Act*, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works and Government Services, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation paid interest of \$706.3 million to the Government.

**Capital stock**

The Government's investment in the capital of the Corporation is authorized by section 16 of the *Canada Mortgage and Housing Corporation Act*.

*Housing*

Advances have been made to enable the Corporation to lend money under the following sections of the *National Housing Act*:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
  - (i) the construction, purchase or improvement of a low-rental housing project;
  - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,
  - (iii) the conversion of existing buildings into a low-rental housing project;
- (c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;
- (d) Section 51(1)—
  - (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;
  - (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,
  - (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;
- (e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;
- (f) Section 76(1)—to any person that wishes to undertake a project
  - (i) for individuals or families of low income; or,
  - (ii) to meet the needs of individuals resulting from age, infirmity or other disability;
- (g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;
- (h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;
- (i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of section 24; and,

- (j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 3.5 percent to 16.0962 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1995 and September 30, 2037.

*Real estate*

Section 92(1) of the *National Housing Act* authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment on December 30, 2037.

*Joint projects*

Section 79(1) of the *National Housing Act* authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3 percent to 17.9 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1995 and December 30, 2039.

*Urban renewal scheme*

Advances have been made to enable the Corporation to lend money under section 25(1) of the *National Housing Act*, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81 percent to 7.195 percent per annum, and are repayable over 15 to 50 years, with final instalments between June 30, 1995 and December 31, 1999.

*Student housing projects*

Advances have been made to enable the Corporation to lend money under section 88(1) of the *National Housing Act*, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.



The advances bear interest at rates from 5 percent to 10.054 percent per annum, and are repayable over 20 to 50 years, with final instalments between June 30, 1995 and September 30, 2030.

#### *Sewage treatment projects*

Advances have been made to enable the Corporation to lend money under section 53 of the *National Housing Act*, to any province, municipality or municipal sewage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5 percent to 10.376 percent per annum, and are repayable over 20 to 50 years, with final instalments between June 30, 1995 and December 31, 2023.

#### *Ownership assistance*

Advances have been made to enable the Corporation to lend money under sections 57(1) and 58(1) of the *National Housing Act*, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 8.125 percent to 9.3889 percent per annum, and are repayable over 18 to 20 years, with final instalments between June 30, 1995 and December 31, 2008.

### **Canadian National Railway System**

The Corporation was established by the *Canadian National Railways Act*, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

#### *Capital stock*

The Government's investment in the capital of the Corporation is recorded in this account.

#### *Consolidated loan*

The loan bears interest at the rate of 8.75 percent per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

During the year, the Corporation paid interest of \$8.4 million to the Government.

### **Export Development Corporation**

The Corporation was established by the *Export Development Act*, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the *Financial Administration Act*.

The Government's investment in the capital of the Corporation, as authorized by section 11(1) of the *Export Development Act*, shall not exceed, at any time, \$1,500,000,000.

### **Farm Credit Corporation**

The Corporation was established by the *Farm Credit Corporation Act*, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture and Agri-Food, and is listed in Part I of Schedule III of the *Financial Administration Act*.

#### *Contributed capital*

The Government's contribution to the capital of the Corporation is authorized by section 11(1) of the *Farm Credit Corporation Act*.

#### *Notes*

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to section 12 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twelve times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 7.25 percent to 10.145 percent per annum, with final instalments between July 1, 1995 and November 30, 1998, \$238,525,039;
- (b) repayable over 10 to 19 years, bearing interest at rates from 7.95 percent to 10.145 percent per annum, with final instalments between January 1, 1996 and December 1, 2009, \$584,331,586;
- (c) repayable over 2 to 9 years, bearing interest at rates from 5.24 percent to 10.41 percent per annum, with the final instalment on April 1, 2002, \$1,418,590,363; and,
- (d) repayable in under 2 years, bearing interest at rates from 6.3575 percent to 8.1043 percent per annum, \$272,500,000.

During the year, the Corporation paid interest of \$198.5 million to the Government.

#### *Farm syndicates loan fund*

Advances have been made by the Minister of Finance, pursuant to section 8 of the *Farm Syndicates Credit Act*, to enable the Corporation to make loans. Section 3(1) of the Act allowed the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,

- (c) the purchase or improvement of land on which buildings were or were to be erected for use primarily by the syndicate or its members, in their farming operations.

The *Farm Syndicates Credit Act* was repealed in 1993-94. This account will remain open for repayments.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 10 to 19 years, bearing interest at the rate of 9.555 percent per annum, with the final instalment on February 26, 2001, \$402,198; and,
- (b) repayable over 2 to 9 years, bearing interest at rates from 6.95 percent to 11.02 percent per annum, with final instalments between September 28, 1995 and March 1, 1999, \$9,271,154.

During the year, the Corporation paid interest of \$0.8 million to the Government.

### Federal Business Development Bank

The Corporation was established by the *Federal Business Development Bank Act*, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, and is listed in Part I of Schedule III of the *Financial Administration Act*.

The Government's contribution to the paid-in capital of the Corporation in the amount of \$590 million (of which \$286.6 million was charged to expenditures) is authorized by sections 20, 28 and 52 of the *Federal Business Development Bank Act*.

### Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Natural Resources, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation paid interest of \$0.9 million to the Government.

#### Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

#### Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

### Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5.25 percent to 8.5 percent per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between February 28, 1996 and June 30, 2003.

### Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate established every May 1 and November 1 by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

### Bank of Canada

The Bank of Canada was established by the *Bank of Canada Act*, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by section 17 of the *Bank of Canada Act*. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$1,570.7 million to the Government.

### Canada Development Investment Corporation

The Corporation was incorporated pursuant to the *Canada Business Corporations Act*, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.



The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part II of Schedule III of the *Financial Administration Act*.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

During the year, the Corporation remitted profit of \$10 million to the Government.

#### *Canada Hibernia Holding Corporation—Contributed surplus*

The Corporation was incorporated pursuant to the *Canada Business Corporations Act*. It is a wholly-owned subsidiary of the Canada Development Investment Corporation.

In accordance with the *Hibernia Development Project Act*, the Government, through the Canada Hibernia Holding Corporation, acquired at no cost an 8.5 percent interest in the Hibernia Development Project. The sole purpose of the Canada Hibernia Holding Corporation is to hold, manage, fund and ultimately dispose of the 8.5 percent interest in the Project. To honor its obligations to fund the Project, the Corporation receives financial assistance from the Government. Such financial assistance is treated as contributed surplus.

During the year, payments totalling \$113,385,083 were made to the Canada Hibernia Development Corporation as authorized by Finance Votes L25 and L25b, *Appropriation Acts No. 1, No. 2 and No. 3, 1994-95*.

#### **Canada Ports Corporation**

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

#### *Loans*

Under the authority of the *Canada Ports Corporation Act*, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation.

The remaining loan to Belledune bears interest at a rate of 6.44 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

The Corporation paid interest of \$37,419 and dividends of \$171,254 to the Government in 1994-95.

#### *Interport Loan Fund*

This Fund was established to provide financing for financially viable capital projects of the Corporation and of the seven local port corporations.

The aggregate amount of loans authorized to be outstanding, at any time, is not to exceed \$50,000,000.

The Corporation will make annual repayments equal to 90 percent of the net income related to each of the loans advanced to the Interport Loan Fund.

The Corporation transferred \$4.9 million of profit to the Government in 1994-95.

#### **Canada Post Corporation**

The Corporation was established by the *Canada Post Corporation Act*, to operate a postal service on a self-sustaining basis while providing a standard of service that will meet the needs of the people of Canada.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works and Government Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

A loan has been made to the Corporation pursuant to section 29 of the *Canada Post Corporation Act*, to finance capital expenditures. The aggregate amount of loans to be outstanding at any time shall not exceed \$500,000,000.

The loan bears interest at the rate of 9.705 percent per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million to the Government in 1994-95.

#### **Canadian Dairy Commission**

The Corporation was established by the *Canadian Dairy Commission Act*, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture and Agri-Food, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 3.9883 percent to 8.1043 percent per annum, and are repayable within 1 year.

The Corporation paid interest of \$2.2 million to the Government in 1994-95.

#### **Canadian Saltfish Corporation**

The Corporation was established by the *Saltfish Act*, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans were made to the Corporation, pursuant to section 16 of the *Saltfish Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, was \$50,000,000.

In 1994-95, loans of \$3,650,000 were forgiven pursuant to Fisheries and Oceans Vote 15d, *Appropriation Act No. 4, 1994-95* and the account was closed.

During the year, the Corporation paid interest of \$55,275 to the Government.

### **Cape Breton Development Corporation**

The Corporation was established by the *Cape Breton Development Corporation Act*, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

The working capital advances bear interest at the rate in effect, as published by the Department of Finance.

The Corporation paid interest of \$164,312 to the Government in 1994-95.

### **Freshwater Fish Marketing Corporation**

The Corporation was established by the *Freshwater Fish Marketing Act*, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, pursuant to section 16 of the *Freshwater Fish Marketing Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loan bears interest at the rate of 8.4794 percent per annum, and is repayable no later than April 28, 1995.

During the year, the Corporation paid interest of \$136,193 to the Government.

### **Montreal Port Corporation**

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$291,374 and dividends of \$2.3 million to the Government.

### **Prince Rupert Port Corporation**

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates of 9.80 percent to 9.86 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$4,012,490; and,
- (b) bearing interest at the rate of 10.4 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$11,766,242.

During the year, the Corporation paid interest of \$1.7 million and dividends of \$27,886 to the Government.

### **Royal Canadian Mint**

The Corporation was established by the *Royal Canadian Mint Act*, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works and Government Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

#### *Capital stock*

Section 3.1(1) of the *Royal Canadian Mint Act* states that the authorized capital of the Mint is \$40,000,000, divided into four thousand shares of ten thousand dollars each. All authorized capital is issued.

During the year, the Corporation paid dividends of \$5.0 million to the Government.

## Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25 percent to 12 percent per annum, and are repayable annually, with final instalments between April 1, 1995 and June 1, 1998.

During the year, the Corporation paid interest of \$304,257 to the Government.

## Saint John Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11 percent to 11.875 percent per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$8,817,600;
- (b) bearing interest at the rate of 12.43 percent per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625 percent per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$2.1 million to the Government.

## Vancouver Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$202,780 and dividends of \$4.4 million to the Government.



## Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 9.3 to 9.5 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise Crown corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part II of Schedule III of the *Financial Administration Act*.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to financial institutions and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties, and Government and Crown corporations. Revenues and expenses are used to determine the net income or loss of the corporation. Adjustments include prior period adjustments and other miscellaneous items as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as equity contributions provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1995 is presented in Table 9.6.

Borrowings by non-agent Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.1 million as at March 31, 1995.

A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 9.7. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 9.8. Contingent liabilities of enterprise Crown corporations are presented in Table 9.9.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1995 is provided in Table 9.10. Differences in figures reported in Table 9.5 and those reported in Table 9.10 result from the use of different accounting policies and from items in transit.



TABLE 9.3

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT  
(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
<b>ASSETS AND LIABILITIES</b>						
<b>AS AT MARCH 31, 1995</b>						
<b>Assets</b>						
Financial						
Outside parties .....	2,218,579	5,270,256	28,671,246	7,981,512	86,811	44,228,404
Government and Crown corporations .....	515,602	21,777,164	2,043,971	37,808	40,125	24,414,670
Total financial assets .....	2,734,181	27,047,420	30,715,217	8,019,320	126,936	68,643,074
Physical assets and deferred charges .....	10,950,072	237,231	587,640	901,269	851,901	13,528,113
Total assets .....	13,684,253	27,284,651	31,302,857	8,920,589	978,837	82,171,187
<b>Liabilities</b>						
Outside parties						
Borrowings .....	3,062,739		14,857,586	7,326,946	1,262	25,248,533
Bank of Canada notes in circulation and amounts owing to depositors .....		25,513,873				25,513,873
Other liabilities .....	4,507,413	1,558,560	3,639,184	1,487,357	116,946	11,309,460
Government and Crown corporations .....	661,287	182,218	12,775,806	87,711	13,573	13,720,595
Total liabilities .....	8,231,439	27,254,651	31,272,576	8,902,014	131,781	75,792,461
Equity of Canada .....	5,452,814	30,000	30,281	18,575	847,056	6,378,726
Total liabilities and equity .....	13,684,253	27,284,651	31,302,857	8,920,589	978,837	82,171,187
Contingent liabilities .....	229,974		349,771	6,800	5,500	592,045
<b>REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY</b>						
<b>FOR THE YEAR ENDED MARCH 31, 1995</b>						
<b>Revenues</b>						
Outside parties .....	9,592,461		3,324,472	5,254,032	413,434	18,584,399
Government and Crown corporations						
Financial assistance .....	169,841		14,170	13,168	26,350	223,529
Other .....	1,132,583	1,779,891	151,648	2,563	8,423	3,075,108
Total revenues .....	10,894,885	1,779,891	3,490,290	5,269,763	448,207	21,883,036
<b>Expenses</b>						
Outside parties .....	10,100,148	209,200	2,511,892	5,258,637	411,094	18,490,971
Government and Crown corporations .....	473,020		963,050	10,376	20,499	1,466,945
Total expenses .....	10,573,168	209,200	3,474,942	5,269,013	431,593	19,957,916
Net income/loss(-) for the year .....	321,717	1,570,691	15,348	750	16,614	1,925,120
Equity of Canada, beginning of the year .....	4,585,054	30,000	-23,067	14,005	824,215	5,430,207
Adjustments .....	1,342				1,438	2,780
Equity transactions with the Government						
Dividends .....	-16,777	-1,570,691				-1,587,468
Capital .....	561,478		38,000	3,820	4,789	608,087
Equity of Canada, end of the year .....	5,452,814	30,000	30,281	18,575	847,056	6,378,726

Notes to Table 9.4 are an integral part of this table.

## TABLE 9.4

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS — ASSETS AND LIABILITIES  
AS AT MARCH 31, 1995  
(in thousands of dollars)

	Assets			Total
	Financial	Government and Crown corporations	Physical assets and deferred charges	
Enterprise Crown corporations <sup>(1)</sup>	Outside parties			
<b>Competitive, self-sustaining</b>				
Atomic Energy of Canada Limited .....	224,604	21,345	632,238	878,187
Canada Development Investment Corporation <sup>(2)</sup> .....	132,110	10,000	41	142,151
Theratronics International Limited .....	14,917		13,998	28,915
Canada Hibernia Holding Corporation .....	225,537			225,537
Canada Ports Corporation .....	7,693	139,943	100,301	247,937
Canada Post Corporation .....	390,906	112,410	2,061,274	2,564,590
Canadian National Railway System .....	867,957	97,649	7,037,744	8,003,350
Halifax Port Corporation .....	3,467	8,531	55,100	67,098
Montreal Port Corporation .....	8,041	64,301	158,271	230,613
Petro-Canada Limited .....	301,546		253,513	555,059
Port of Quebec Corporation .....	2,631	3,992	54,824	61,447
Prince Rupert Port Corporation .....	1,214	13,762	97,270	112,246
Royal Canadian Mint .....	17,789	3,108	65,312	86,209
Saint John Port Corporation .....	686	4,971	59,993	65,650
St John's Port Corporation .....	556	3,539	12,536	16,631
Vancouver Port Corporation .....	18,925	32,051	347,657	398,633
<i>Total—Competitive, self-sustaining</i> .....	<i>2,218,579</i>	<i>515,602</i>	<i>10,950,072</i>	<i>13,684,253</i>
<i>Bank of Canada</i> .....	<i>5,270,256</i>	<i>21,777,164</i>	<i>237,231</i>	<i>27,284,651</i>
<b>Lending and Insurance</b>				
Canada Deposit Insurance Corporation .....	1,115,222	133	1,815	1,117,170
Canada Mortgage and Housing Corporation .....	11,277,901	360,299	62,873	11,701,073
Insurance Programs .....	313,010	1,450,797	303,043	2,066,850
Export Development Corporation .....	9,151,526	127,984	6,289	9,285,799
Farm Credit Corporation .....	3,678,520	103,134	204,611	3,986,265
Federal Business Development Bank .....	3,135,067	1,624	9,009	3,145,700
<i>Total—Lending and insurance</i> .....	<i>28,671,246</i>	<i>2,043,971</i>	<i>587,640</i>	<i>31,302,857</i>
<b>Marketing</b>				
Canadian Commercial Corporation .....	384,133	165		384,298
Canadian Dairy Commission .....				
Marketing operations .....	44,730	37,642	106,133	188,505
Canadian Saltfish Corporation .....	55		244	299
Canadian Wheat Board, The .....	7,547,328	1	782,711	8,330,040
Freshwater Fish Marketing Corporation .....	5,266		12,181	17,447
<i>Total—Marketing</i> .....	<i>7,981,512</i>	<i>37,808</i>	<i>901,269</i>	<i>8,920,589</i>
<b>Other</b>				
Atlantic Pilotage Authority .....	805		828	1,633
Cape Breton Development Corporation .....	29,813	4,892	332,276	366,981
Great Lakes Pilotage Authority, Ltd .....	4,159		46	4,205
Laurentian Pilotage Authority .....	3,113		760	3,873
Pacific Pilotage Authority .....	5,386		1,013	6,399
St. Lawrence Seaway Authority, The .....	42,760	35,233	514,804	592,797
Seaway International Bridge Corporation Ltd, The .....	775		2,174	2,949
<i>Total—Other</i> .....	<i>86,811</i>	<i>40,125</i>	<i>851,901</i>	<i>978,837</i>
<i>Total—Enterprise</i> .....	<i>44,228,404</i>	<i>24,414,670</i>	<i>13,528,113</i>	<i>82,171,187</i>

<sup>(1)</sup> All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation Ltd, which is an unconsolidated subsidiary.

<sup>(2)</sup> Canada Development Investment Corporation (CDIC): On March 22, 1993, CDIC acquired Canada Hibernia Holding Corporation (CHHC). CHHC's purpose is the funding and management of an 8.5% interest in the Hibernia Development project.

Liabilities					
Outside parties		Government and Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
8,840	380,517	14,733	404,090	474,097	878,187
	8,606	19,296	27,902	114,249	142,151
	19,619		19,619	9,296	28,915
	18,800	394	19,194	206,343	225,537
	11,284	246,935	258,219	-10,282	247,937
198,994	1,182,751	184,811	1,566,556	998,034	2,564,590
2,331,191	2,765,474	125,017	5,221,682	2,781,668	8,003,350
	2,453	150	2,603	64,495	67,098
	14,269	4,705	18,974	211,639	230,613
504,018	48,808		552,826	2,233	555,059
	2,760	6,982	9,742	51,705	61,447
	1,847	15,779	17,626	94,620	112,246
	23,680	3,196	26,876	59,333	86,209
19,696	2,845	18,734	41,275	24,375	65,650
	662	80	742	15,889	16,631
	23,038	20,475	43,513	355,120	398,633
3,062,739	4,507,413	661,287	8,231,439	5,452,814	13,684,253
	27,072,433	182,218	27,254,651	30,000	27,284,651
	689,707	2,174,599	2,864,306	-1,747,136	1,117,170
3,629,736	85,672	7,942,412	11,657,820	43,253	11,701,073
	2,057,091	69,343	2,126,434	-59,584	2,066,850
7,514,803	607,283	18,327	8,140,413	1,145,386	9,285,799
990,210	65,888	2,570,580	3,626,678	359,587	3,986,265
2,722,837	133,543	545	2,856,925	288,775	3,145,700
14,857,586	3,639,184	12,775,806	31,272,576	30,281	31,302,857
	365,614	408	366,022	18,276	384,298
	156,657	31,848	188,505		188,505
				299	299
7,320,972	954,613	54,455	8,330,040		8,330,040
5,974	10,473	1,000	17,447		17,447
7,326,946	1,487,357	87,711	8,902,014	18,575	8,920,589
	1,201		1,367	266	1,633
	82,800	11,775	94,575	272,406	366,981
	2,905		2,905	1,300	4,205
1,088	3,471		4,559	-686	3,873
	3,245		3,245	3,154	6,399
	22,189		22,189	570,608	592,797
8	1,135	1,798	2,941	8	2,949
1,262	116,946	13,573	131,781	847,056	978,837
25,248,533	36,823,333	13,720,595	75,792,461	6,378,726	82,171,187

TABLE 9.5

## REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1995

(in thousands of dollars)

	Revenues			
	Outside parties	Government and Crown corporations		Total
		Financial assistance <sup>(1)</sup>	Other	
Enterprise Crown corporations				
<b>Competitive, self-sustaining</b>				
Atomic Energy of Canada Limited .....	467,032	169,841	2,633	639,506
Canada Development Investment Corporation .....	36,491		575	37,066
Theratronics International Limited .....	47,763			47,763
Canada Hibernia Holding Corporation .....				
Canada Ports Corporation .....	57,515		7,717	65,232
Canada Post Corporation .....	4,478,774		269,198	4,747,972
Canadian National Railway System .....	4,026,110		770,292	4,796,402
Halifax Port Corporation .....	11,432		446	11,878
Montreal Port Corporation .....	51,214		10,324	61,538
Petro-Canada Limited .....	23,537		21,185	44,722
Port of Quebec Corporation .....	10,728		949	11,677
Prince Rupert Port Corporation .....	12,930		779	13,709
Royal Canadian Mint .....	288,813		46,079	334,892
Saint John Port Corporation .....	12,041		352	12,393
St John's Port Corporation .....	3,053		243	3,296
Vancouver Port Corporation .....	65,028		1,811	66,839
<b>Total—Competitive, self-sustaining</b> .....	<b>9,592,461</b>	<b>169,841</b>	<b>1,132,583</b>	<b>10,894,885</b>
<b>Bank of Canada</b> .....			<b>1,779,891</b>	<b>1,779,891</b>
<b>Lending and insurance</b>				
Canada Deposit Insurance Corporation .....	529,680		2,015	531,695
Canada Mortgage and Housing Corporation .....	815,348		88,081	903,429
Insurance Programs .....	364,688		58,344	423,032
Export Development Corporation .....	932,042		3,208	935,250
Farm Credit Corporation .....	354,044			354,044
Federal Business Development Bank .....	328,670	14,170		342,840
<b>Total—Lending and insurance</b> .....	<b>3,324,472</b>	<b>14,170</b>	<b>151,648</b>	<b>3,490,290</b>
<b>Marketing</b>				
Canadian Commercial Corporation .....	879,207	13,168		892,375
Canadian Dairy Commission .....				
Marketing operations .....	334,186		2,459	336,645
Canadian Saltfish Corporation .....	200		104	304
Canadian Wheat Board, The .....	3,996,754			3,996,754
Freshwater Fish Marketing Corporation .....	43,685			43,685
<b>Total—Marketing</b> .....	<b>5,254,032</b>	<b>13,168</b>	<b>2,563</b>	<b>5,269,763</b>
<b>Other</b>				
Atlantic Pilotage Authority .....	7,056	920	40	8,016
Cape Breton Development Corporation .....	229,658	25,430	5,703	260,791
Great Lakes Pilotage Authority, Ltd. ....	14,090			14,090
Laurentian Pilotage Authority .....	34,474			34,474
Pacific Pilotage Authority .....	34,418			34,418
St. Lawrence Seaway Authority, The .....	90,680		2,680	93,360
Seaway International Bridge Corporation Ltd, The .....	3,058			3,058
<b>Total—Other</b> .....	<b>413,434</b>	<b>26,350</b>	<b>8,423</b>	<b>448,207</b>
<b>Total—Enterprise</b> .....	<b>18,584,399</b>	<b>223,529</b>	<b>3,075,108</b>	<b>21,883,036</b>

Notes to Table 9.4 are an integral part of this table.

<sup>(1)</sup> This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$604,537 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 9.10 because of differences resulting from the different accounting policies followed.



## Expenses

Outside parties	Government and Crown corporations	Total	Income/or loss(-)	Equity beginning of year	Adjustments	Equity transactions with Government		Equity end of year
						Dividends	Capital	
628,973	3,355	632,328	7,178	466,900	19			474,097
27,588		27,588	9,478	-333,824	301	-10,000	448,294	114,249
48,064		48,064	-301	9,597				9,296
	740	740	-740	93,899			113,184	206,343
51,173	7,797	58,970	6,262	-16,373		-171		-10,282
4,483,778	333,049	4,816,827	-68,855	1,066,889				998,034
4,314,839	114,310	4,429,149	367,253	2,414,415				2,781,668
10,163	760	10,923	955	63,540				64,495
51,159	2,598	53,757	7,781	206,111		-2,253		211,639
43,834		43,834	888	323	1,022			2,233
11,798	1,301	13,099	-1,422	53,127				51,705
11,020	1,649	12,669	1,040	93,580				94,620
337,474	446	337,920	-3,028	62,361				59,333
29,297	3,695	32,992	-20,599	44,974				24,375
2,401	540	2,941	355	15,534				15,889
48,587	2,780	51,367	15,472	344,001		-4,353		355,120
10,100,148	473,020	10,573,168	321,717	4,585,054	1,342	-16,777	561,478	5,452,814
209,200		209,200	1,570,691	30,000		-1,570,691		30,000
448,776	182,403	631,179	-99,484	-1,647,652				-1,747,136
430,720	479,969	910,689	-7,260	50,513				43,253
418,087	115,698	533,785	-110,753	51,169				-59,584
768,986	-14,705	754,281	180,969	926,417			38,000	1,145,386
113,702	197,631	311,333	42,711	316,876				359,587
331,621	2,054	333,675	9,165	279,610				288,775
2,511,892	963,050	3,474,942	15,348	-23,067			38,000	30,281
884,907	6,198	891,105	1,270	17,006				18,276
332,668	3,977	336,645						
756	68	824	-520	-3,001			3,820	299
3,996,754		3,996,754						
43,552	133	43,685						
5,258,637	10,376	5,269,013	750	14,005			3,820	18,575
7,618	20	7,638	378	-112				266
243,693	17,387	261,080	-289	270,378	2,317			272,406
10,713		10,713	3,377	-2,725			648	1,300
37,203		37,203	-2,729	-2,098			4,141	-686
35,954		35,954	-1,536	4,690				3,154
73,576	2,371	75,947	17,413	554,074	-879			570,608
2,337	721	3,058	8	8				8
411,094	20,499	431,593	16,614	824,215	1,438		4,789	847,056
18,490,971	1,466,945	19,957,916	1,925,120	5,430,207	2,780	-1,587,468	608,087	6,378,726

## Borrowings by Agent Enterprise Crown Corporations

Table 9.6 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the *Public Accounts*". The borrowings are from other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1995, an allowance for borrowings expected to be repaid by the Government was established at \$4,290 million.

Borrowings by non-agent enterprise Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 9.7 provides information on borrowings of such corporations.

TABLE 9.6

### BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1994	Borrowings and other credits	Repayments and other charges	Balance March 31/1995
Atomic Energy of Canada Limited .....	11,320	820	3,300	8,840
Canada Development Investment Corporation .....	472,727		472,727	
Canada Mortgage and Housing Corporation .....	1,573,225	9,855,294	7,798,783	3,629,736
Canada Post Corporation .....	198,994			198,994
Canadian Wheat Board, The .....	7,282,827	45,478,112	45,439,967	7,320,972
Export Development Corporation .....	7,793,328		278,525	7,514,803
Farm Credit Corporation .....	863,115	1,519,916	1,392,821	990,210
Federal Business Development Bank .....	2,602,111	6,144,288	6,023,562	2,722,837
Freshwater Fish Marketing Corporation .....	6,076		102	5,974
Petro-Canada Limited .....	501,237	21,126	18,345	504,018
Saint John Port Corporation .....	19,696			19,696
Seaway International Bridge Corporation, Ltd., The .....	8			8
Total .....	21,324,664	63,019,556	61,428,132	22,916,088
Borrowings expected to be repaid by agent enterprise Crown corporations .....	-17,439,664	63,424,556	61,428,132	-18,626,088
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government and reported on the Statement of Assets and Liabilities .....	3,885,000	405,000		4,290,000

Notes to Table 9.4 are an integral part of this table.

## Borrowings by Enterprise Crown Corporations

Table 9.7 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 9.7

### BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1994	Borrowings and other credits	Repayments and other charges	Balance March 31/1995
Borrowings by agent enterprise Crown corporations.....	21,324,664	63,019,556	61,428,132	22,916,088
Borrowings by non-agent enterprise Crown corporations--				
Atlantic Pilotage Authority .....	440		274	166
Canadian National Railway System.....	2,249,119	111,805	29,733	2,331,191
Laurentian Pilotage Authority .....	1,479		391	1,088
	2,251,038	111,805	30,398	2,332,445
Total .....	23,575,702	63,131,361	61,458,530	25,248,533

Notes to Table 9.4 are an integral part of this table.

## Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 9.8 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1995.

TABLE 9.8

### MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1996 .....	16,595,308	244,064	16,839,372
1997 .....	1,478,496	222,800	1,701,296
1998 .....	1,360,200	335,436	1,695,636
1999 .....	1,645,532	176,217	1,821,749
2000 .....	561,615		561,615
2001 to 2005 .....	253,989	1,038,661	1,292,650
2006 to 2010 .....	8	96,666	96,674
2011 and after .....	1,020,940	218,601	1,239,541
Total .....	22,916,088	2,332,445	25,248,533 <sup>(1)</sup>

Notes to Table 9.4 are an integral part of this table.

<sup>(1)</sup> The borrowings are composed of \$8,146,217 US, £ 12,394, ¥ 428,533, and \$16,661,389 Cdn.

## Contingent Liabilities of Enterprise Crown Corporations

Table 9.9 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 9.9

### CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 1995
<b>Agent enterprise Crown corporations</b>	
Canada Mortgage and Housing Corporation—Insulation claims and other litigation .....	36,500
Canada Mortgage and Housing Corporation—Insurance programs .....	67,600
Canada Ports Corporation—Miscellaneous litigation .....	2,563
Canadian Commercial Corporation—Contract damages .....	6,800
Cape Breton Development Corporation—Miscellaneous litigation .....	1,200
Export Development Corporation—Loan guarantees and with recourse, Insurance act .....	244,564
Federal Business Development Bank—Loan guarantees .....	1,107
Halifax Port Corporation—Miscellaneous litigation .....	2,015
Montreal Port Corporation—Miscellaneous litigation .....	3,800
Petro-Canada Limited—Loan guarantee .....	125,000
Port of Quebec Corporation—Miscellaneous litigation .....	5,932
St John's Port Corporation—Miscellaneous litigation .....	364
St Lawrence Seaway Authority—Claims for damages .....	58,000
Vancouver Port Corporation—Claims for damages .....	32,300
	587,745
<b>Non-agent enterprise Crown corporations</b>	
Laurentian Pilotage Authority—Miscellaneous litigation .....	4,300
<b>Total .....</b>	<b>592,045</b>

Notes to Table 9.4 are an integral part of this table.



# Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 9.10 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 9.5. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

**TABLE 9.10**

**FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS**  
**FOR THE YEAR ENDED MARCH 31, 1995**  
(in thousands of dollars)

	Financial assistance under budgetary appropriations <sup>(1)</sup>	Purpose	
		Operations	Capital expenditures
Agent enterprise Crown corporations			
Atomic Energy of Canada Limited . . . . .	180,020	169,841	10,179
Canada Ports Corporation . . . . .	875	707	168
Canada Post Corporation. . . . .	91,950 <sup>(2)</sup>	91,950	
Canadian Commercial Corporation . . . . .	13,148	13,148	
Canadian Dairy Commission. . . . .	2,527	2,527	
Canadian Wheat Board, The . . . . .	19,115	19,115	
Cape Breton Development Corporation. . . . .	25,430		25,430
Export Development Corporation . . . . .	114,918 <sup>(3)</sup>	114,918	
Federal Business Development Bank . . . . .	14,170	14,170	
	462,153	426,376	35,777
Non-agent enterprise Crown corporations			
Atlantic Pilotage Authority . . . . .	646	646	
Canadian National Railway System . . . . .	2,653	2,653	
Laurentian Pilotage Authority . . . . .	3,643	3,643	
	6,942	6,942	
Total . . . . .	469,095	433,318	35,777

<sup>(1)</sup> Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

<sup>(2)</sup> Includes payment of \$77,950 for costs associated with cultural publication mailings.

<sup>(3)</sup> Payment made pursuant to section 32 of the *Export Development Act* concerning the concessional (Canada Account) loans.

## Joint and Mixed Enterprises

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 9.11

### JOINT AND MIXED ENTERPRISES

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Petro-Canada—Finance—				
Capital stock—Common .....	3,326,354,321			3,326,354,321
Preferred .....	972,771,853			972,771,853
	4,299,126,174			4,299,126,174
Other—				
Canarcic Shipping Company Limited—Transport .....				
Cooperative Energy Corporation—Natural Resources				
Lower Churchill Development Corporation Limited—				
Natural Resources .....	14,750,000			14,750,000
National Sea Products Ltd—Finance .....	59,540,000			59,540,000
North Portage Development Corporation—				
Western Economic Diversification .....				
NPM Nuclear Project Managers Canada Inc—				
Natural Resources .....				
Société du parc industriel et portuaire Québec-Sud—				
Finance—Federal Office of Regional				
Development-Quebec .....	400			400
	74,290,400			74,290,400
Total .....	4,373,416,574			4,373,416,574

## Petro-Canada

Petro-Canada was initially incorporated under the *Canada Business Corporations Act*, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

As of March 31, 1995, the Government's holding of shares represents 70.3 percent ownership of the Corporation.

## Canarctic Shipping Company Limited

The Corporation was incorporated under the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51 percent of the common shares outstanding, were purchased and charged to expenditures (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

## Cooperative Energy Corporation

The Corporation was incorporated under the *Cooperative Energy Act*, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Government's investment in the capital of the Corporation, as authorized by the *Cooperative Energy Act*, has been fully repaid by the Corporation.

In 1994-95, the Government received \$1.1 million as its share of the Corporation's residual assets. The Corporation was then dissolved.

## Lower Churchill Development Corporation Limited

The Corporation was incorporated under the *Companies Act* of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49 percent of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49 percent of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

## National Sea Products Ltd

The Corporation was incorporated under the *Nova Scotia Companies Act*, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the *Atlantic Fisheries Restructuring Act*, the Government has acquired shares in the Corporation. The Government's holding consists of 3,105,952 no par value common shares. This represents 10.59 percent of the shares outstanding.

## North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

## NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the *Canada Business Corporations Act*, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares. The purchase cost of these shares was charged to expenditures.

The Government's holding of shares represents 17.14 percent of the shares outstanding. The balance of the outstanding shares is owned by three private sector corporations.

## Société du parc industriel et portuaire Québec-Sud

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40 percent of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

## National Governments Including Developing Countries

Loans to national governments consist mainly of the loan to the government of the United Kingdom under the *United Kingdom Financial Agreement Act, 1946*, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 9.12

### NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Finance—				
China .....	49,426,118			49,426,118
Jamaica .....	25,000,000			25,000,000
United Kingdom—				
United Kingdom Financial Agreement Act, 1946 .....	244,078,731		32,828,681	211,250,050
Deferred principal .....	94,990,863			94,990,863
	339,069,594		32,828,681	306,240,913
Foreign Affairs and International Trade—				
Development of export trade (loans administered by the Export Development Corporation) .....	1,117,038,813	309,776,369	354,344,732	1,072,470,450
Developing countries—Canadian International Development Agency—International development assistance .....	1,902,994,130	12,316,642	86,825,415	1,828,485,357
National Defence—				
North Atlantic Treaty Organization—Damage claims recoverable .....	413,716	29,713		443,429
Total .....	3,433,942,371	322,122,724	473,998,828	3,282,066,267

#### China

A loan to China was authorized under the *Export Credits Insurance Act*.

#### Jamaica

A loan has been made to the Government of Jamaica, to provide economic assistance.

The loan agreement has been amended by the following Rescheduling Agreements:

- the Rescheduling Agreement dated October 18, 1985, provided for the deferment of the principal repayment in the amount of \$5,000,000 due on August 9, 1985;
- the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,
- the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1988 and August 9, 1989.

#### United Kingdom

##### *United Kingdom Financial Agreement Act, 1946*

Under authority of the *United Kingdom Financial Agreement Act, 1946*, a credit of \$1,250,000,000 was extended by the Government of Canada to the government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the government of the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2 percent per annum, with the final instalment on December 31, 2000.

##### *Deferred principal*

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.



## Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were authorized under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

During the year, loans totalling \$49,961,715 were forgiven under the authority of Foreign Affairs and International Trade Vote 2d, *Appropriation Act No. 4, 1994-95*.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The subtotal of budgetary loans includes total payments for concessional loans under both budgetary and non-budgetary authorities. Loans made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

	Payments and other charges			Receipts and other credits		March 31/1995
	April 1/1994	Payments	Revaluation	Receipts or other credits <sup>(1)</sup>		
				Revaluation		
	\$	\$	\$	\$	\$	\$
NON-BUDGETARY LOANS—						
(a) 1 to 5 year term, 3.45 percent (London Interbank Offered Rate (LIBOR)) to 11 percent interest per annum, with final repayments between May 1988 and November 1997:						
Argentina .....	59,886,564		280,480	737,865		59,429,179
Brazil .....	5,760,203		314,794	939,968		5,135,029
Cameroun .....		1,790,525				1,790,525
Gabon .....		1,038,662	1,653	105,850		934,465
Jamaica .....		3,219,408		397,207	450,088	2,372,113
Kazakhstan .....		2,354,993			11,668	2,343,325
Latvia .....	7,499,891			7,499,891		
Mexico .....	8,029,543		87,529	1,003,198		7,113,874
Peru .....	1,036,324					1,036,324
Russia and USSR .....	130,781,942	9,373,486	2,471,863	41,066,916		101,560,375
Sudan .....	1,738,377		19,222			1,757,599
Ukraine .....	48,526,673			34,147,181	430,263	13,949,229
	263,259,517	17,777,074	3,175,541	85,898,076	892,019	197,422,037
(b) 6 to 10 year term, 3.45 percent (LIBOR) to 10.5 percent interest per annum, with final repayments between July 2000 and March 2007:						
Algeria .....		4,739,804	53,278			4,793,082
Argentina .....	47,184,663	11,428,471	589,434			59,202,568
Cameroun .....	16,514,630		182,608	1,790,525		14,906,713
Chile .....	2,094,280		11,872	459,257		1,646,895
Congo .....		413,204				413,204
Ecuador .....	11,183,833		93,218	911,847		10,365,204
Egypt .....	7,594,634		51,693	2,061,883		5,584,444
Gabon .....	22,771,285	2,088,482		2,205,833	792,326	21,861,608
Jamaica .....	25,195,149		22,508	15,016,254		10,201,403
Kazakhstan .....	17,984,023		149,054	2,677,763		15,455,314
Kenya .....	13,207,067	2,771,853	159,635	808,900		15,329,655
Korea .....	8,333,333			8,333,333		
Morocco .....	187,705,374	3,560,486	2,146,010	19,168,787		174,243,083
Romania .....	221,376,893	62,709,918	11,133,169			295,219,980
Rwanda .....	6,208,195		68,646			6,276,841
Sudan .....	7,358,768		81,368			7,440,136
	594,712,127	87,712,218	14,742,493	53,434,382	792,326	642,940,130
(c) 11 to 15 year term, 3.45 percent (LIBOR) to 11.5 percent interest per annum, with final repayments between July 1996 and January 2007:						
Algeria .....		121,027				121,027
Argentina .....	23,546,684	20,993,560		11,625,689		32,914,555
Brazil .....	7,808,578		9,824			7,818,402
	31,355,262	21,114,587	9,824	11,625,689		40,853,984
Insurance claims paid during the year:						
Cuba .....		29,965,997				29,965,997
Total—Non-budgetary .....	889,326,906	156,569,876	17,927,858	150,958,147	1,684,345	911,182,148

	April 1/1994	Payments and other charges		Receipts and other credits		March 31/1995
		Payments	Revaluation	Receipts or other credits <sup>(1)</sup>	Revaluation	
	\$	\$	\$	\$	\$	\$
<b>BUDGETARY LOANS<sup>(2)</sup>—</b>						
(a) 1 to 15 year term, 2 percent to 8 percent interest per annum, with final repayments between May 1988 and June 2012:						
Argentina .....	38,835,000			8,630,000		30,205,000
Egypt .....	20,873,588		120,831	14,989,508		6,004,911
Madagascar .....	24,791,509		274,127			25,065,636
Poland .....	78,482,625		849,882	35,805,225		43,527,282
Tanzania .....	49,992,258			12,591,895	11,048,591	26,351,772
Zambia .....	10,121,195			1,564,596	316,845	8,239,754
	223,096,175		1,244,840	73,581,224	11,365,436	139,394,355
(b) 16 to 20 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2005 and June 2012:						
Mexico .....	26,805,036		245,825	2,753,029		24,297,832
Thailand .....	31,456,450		186,896			31,643,346
	58,261,486		432,721	2,753,029		55,941,178
(c) 21 to 25 year term, 0.5 percent to 3.5 percent interest per annum, with final repayments between June 2014 and April 2018:						
Algeria .....	13,016,165			121,027		12,895,138
Congo .....	3,966,238		43,856	409,068		3,601,026
Indonesia .....	43,866,486	317,457	491,712			44,675,655
	60,848,889	317,457	535,568	530,095		61,171,819
(d) 31 to 55 year term, 0 percent interest per annum, with final repayment in July 2042:						
Cameroun .....	20,368,588		3,369,052			23,737,640
China .....	434,907,572	61,576,050	1,599,090	310,364		497,772,348
Egypt .....	14,205,519		50,274			14,255,793
Gabon .....	12,033,074		515,749			12,687,798
India .....	63,493,689		5,832,277	1,689,011		71,014,977
Jamaica .....			10,127,506	111,983		10,239,489
Kenya .....	11,070,033			120,605	278,011	10,912,627
Morocco .....	140,514,080		1,356,311	1,668,381		143,538,772
Pakistan .....	10,043,846		382,476	117,932		10,544,254
Thailand .....	1,717,779				1,717,779	
Turkey .....	113,245,761	25,322,413	1,517,795			140,085,969
	821,599,941	105,112,782	10,383,098	2,306,154		934,789,667
Insurance claims paid during the year:						
Cuba .....	12,258,795			12,258,795		
Subtotal—Budgetary .....	1,176,065,286	105,430,239	12,596,227	91,429,297	11,365,436	1,191,297,019
Less: budgetary treatment .....	948,353,379	17,252,169		94,902,735	4,004,772	1,030,008,717
Total—Budgetary .....	227,711,907	122,682,408	12,596,227	186,332,032	15,370,208	161,288,302
Total .....	1,117,038,813	279,252,284	30,524,085	337,290,179	17,054,553	1,072,470,450
<b>SUMMARY</b>						
Total—Non-budgetary .....	889,326,906	156,569,876	17,927,858	150,958,147	1,684,345	911,182,148
Total—Budgetary .....	1,176,065,286	105,430,239	12,596,227	91,429,297	11,365,436	1,191,297,019
	2,065,392,192	262,000,115	30,524,085	242,387,444	13,049,781	2,102,479,167
Less: budgetary treatment .....	948,353,379	17,252,169		94,902,735	4,004,772	1,030,008,717
Total .....	1,117,038,813	279,252,284	30,524,085	337,290,179	17,054,553	1,072,470,450

<sup>(1)</sup> Receipts or other credits may include transactions such as repayments, forgiveness, etc.

<sup>(2)</sup> Concessional non-budgetary loans made prior to April 1, 1987 have been fully provided for in the allowance for valuation of assets and included with budgetary loans in this table.

## Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Prior to April 1, 1986, these loans were authorized by miscellaneous non-budgetary authorities. Any balances still outstanding at March 31, 1986 have been fully provided for in the allowance for valuation of assets. Loan payments after March 31, 1986 have been made under various budgetary authorities.

During the year, loans totalling \$37,438,609 were forgiven under the authority of Foreign Affairs and International Trade Vote 26d, *Appropriation Act No. 4, 1994-95*.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The subtotal of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Payments made under budgetary authority to all countries are deducted as a lump sum amount under the caption "budgetary treatment".

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

	April 1/1994	Payments and other charges	Receipts and other credits <sup>(1)</sup>	March 31/1995
	\$	\$	\$	\$
(a) 10 year term, 1 year grace period, 5 percent interest per annum, with final repayments between January 2002 and July 2002:				
Egypt .....	59,594,033		5,056,392	54,537,641
(b) 20 year term, 5 year grace period, 5 percent interest per annum, with final repayments between September 2000 and March 2001:				
Turkey .....	12,716,763		3,096,395	9,620,368
(c) 30 year term, 7 year grace period, 3 percent interest per annum, with final repayments between September 1996 and January 2012:				
Brazil .....	8,580,285		859,731	7,720,554
Chile .....	822,939		182,889	640,050
Colombia .....	10,342,896		2,074,821	8,268,075
Cuba .....	9,547,012			9,547,012
Dominican Republic .....	1,623,629		96,006	1,527,623
Korea .....	130,319		21,723	108,596
Malaysia .....	5,934,713		714,425	5,220,288
Peru .....	337,617		337,617	
Salvador, El .....	5,890,352		2,346,198	3,544,154
Turkey .....	4,701,087		642,391	4,058,696
	47,910,849		7,275,801	40,635,048
(d) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005:				
Salvador, El .....	1,585,239		171,929	1,413,310
(e) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007:				
Thailand .....	428,320		33,333	394,987

	April 1/1994	Payments and other charges	Receipts and other credits <sup>(1)</sup>	March 31/1995
	\$	\$	\$	\$
(f) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria .....	12,786,873			12,786,873
Argentina .....	438,667		18,667	420,000
Bolivia .....	1,187,062		42,395	1,144,667
Brazil .....	533,311		20,914	512,397
Chile .....	2,372,110		98,062	2,274,048
Colombia .....	14,667,128		1,096,804	13,570,324
Costa Rica .....	23,083,104		371,486	22,711,618
Dominican Republic .....	7,152,883		342,451	6,810,432
Ecuador .....	8,464,070		304,929	8,159,141
Guatemala .....	3,335,623		100,010	3,235,613
Honduras .....	31,364,498		3,301,526	28,062,972
India .....	606,588,091		19,647,167	586,940,924
Indonesia .....	247,019,469		6,171,111	240,848,358
Malaysia .....	2,363,842		62,935	2,300,907
Malta .....	749,980		25,000	724,980
Mexico .....	65,127		2,771	62,356
Morocco .....	14,691,199			14,691,199
Myanmar (Burma) .....	8,306,202			8,306,202
Nicaragua .....	17,823,270		900,000	16,923,270
Pakistan .....	511,210,336		7,858,389	503,351,947
Paraguay .....	449,913		19,986	429,927
Peru .....	22,511,221		22,423,593	87,628
Philippines .....	3,482,258		169,901	3,312,357
Salvador, El .....	866,228		345,029	521,199
Sri Lanka .....	144,430,275		4,225,399	140,204,876
Thailand .....	29,799,922		347,311	29,452,611
Tunisia .....	101,219,951		3,295,729	97,924,222
	1,816,962,613		71,191,565	1,745,771,048
(g) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria .....	36,730,193			36,730,193
Subtotal .....	1,975,928,010		86,825,415	1,889,102,595
Less: budgetary treatment .....	72,933,880	12,316,642 <sup>(2)</sup>		60,617,238
Total .....	1,902,994,130	12,316,642	86,825,415	1,828,485,357

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

<sup>(1)</sup> Receipts and other credits may include transactions such as repayments, forgiveness, etc.

<sup>(2)</sup> This amount represents an adjustment related to loans that were previously forgiven.

### North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.



## International Organizations

This group records Canada's subscriptions to the share capital of international banks and associations. It also includes loans and advances to other international organizations. Table 9.13 groups these subscriptions, loans and advances according to whether they are treated as non-budgetary assets, or else as charges to budgetary expenditures.

Canada subscribes to the share capital of a number of international banks and associations, in some cases providing both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investments but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13 as non-budgetary assets.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. They represent a contingent liability of the Government, and are listed with other contingent liabilities related to international organizations in Table 10.8 (Section 10 of this volume).

The major portion of loans and advances to international organizations is given budgetary treatment, since they are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans and advances for concessionary lending made since April 1, 1986 are charged directly to budgetary appropriations, and are therefore deducted from the asset values at the end of Table 9.13 under the caption "budgetary treatment". Similar loans and advances made prior to April 1, 1986 were authorized by non-budgetary authorities, but are fully provided for in the allowance for valuation of assets. All of these loans and advances are included in the budgetary section of Table 9.13.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. Table 10.9 (Section 10 of this volume) presents additional information on contingent liabilities and commitments for international organizations that are disclosed in the notes to the audited financial statements in Section 1 of this volume.

TABLE 9.13

## INTERNATIONAL ORGANIZATIONS

	April 1/1994	Payments and other charges		Receipts and other credits		March 31/1995
		Participation, note encashments or other charges	Revaluation	Reimbursements, note issuances or other credits	Revaluation	
	\$	\$	\$	\$	\$	\$
<b>NON-BUDGETARY SHARE CAPITAL, LOANS AND ADVANCES</b>						
<b>Capital subscriptions—</b>						
<b>Finance—</b>						
European Bank for Reconstruction and Development .....	98,810,970	32,934,609	1,497,461			133,243,040
Less: notes payable .....	16,468,495	16,510,157		16,467,305	239,737	16,665,380
	82,342,475	49,444,766	1,497,461	16,467,305	239,737	116,577,660
<b>International Bank for Reconstruction and Development (World Bank) .....</b>						
	393,273,581		1,795,157			395,068,738
International Finance Corporation .....	83,178,787	10,024,370	816,087			94,019,244
Multilateral Investment Guarantee Agency .....	8,876,896		100,735			8,977,631
Less: notes payable .....	4,438,447				50,368	4,488,815
	4,438,449		100,735		50,368	4,488,816
<b>Foreign Affairs and International Trade—</b>						
<b>Canadian International Development Agency—</b>						
African Development Bank .....	93,599,128		397,734			93,996,862
Asian Development Bank .....	177,289,093		1,655,329			178,944,422
Caribbean Development Bank .....	19,045,734	1,988,512	191,860			21,226,106
Less: notes payable .....	2,529,658			1,438,512	281,292	4,249,462
	16,516,076	1,988,512	191,860	1,438,512	281,292	16,976,644
Inter-American Development Bank .....	209,877,381	5,668,178	2,382,100			217,927,659
Less: notes payable .....	22,410,292	11,200,000		5,668,178	1,081,367	17,959,837
	187,467,089	16,868,178	2,382,100	5,668,178	1,081,367	199,967,822
	1,038,104,678	78,325,826	8,836,463	23,573,995	1,652,764	1,100,040,208
<b>Loans and advances—</b>						
<b>Finance—</b>						
International Monetary Fund—						
Enhanced Structural Adjustment Facility .....	205,939,965	88,113,933	34,238,668	3,739,646		324,552,920
<b>Foreign Affairs and International Trade—</b>						
<b>International organizations and associations—</b>						
Berne Union of the World Intellectual Property						
Organization .....	18,441		35,569			54,010
Customs Co-operation Council .....	6,474		7,227			13,701
Food and Agriculture Organization .....	1,215,241		43,859			1,259,100
General Agreement on Tariffs and Trade .....	17,296		49,962			67,258
Intergovernmental Maritime Consultative						
Organization .....	1,928		531			2,459
International Atomic Energy Agency .....	357,396		178,140			535,536
International Civil Aviation Organization .....	125,761		114,307			240,068
International Labour Organization .....	87,473				87,473	
Paris Union of the World Intellectual Property						
Organization .....	88,312		50,858			139,170
United Nations Educational, Scientific and Cultural						
Organization .....	951,590		111,601		17,550	1,045,641
United Nations Industrial Development						
Organization .....	391,034				391,034	
United Nations organizations .....	4,138,131		212,759			4,350,890
World Health Organization .....	194,821		22,122			216,943
	7,593,898		826,935		496,057	7,924,776
	213,533,863	88,113,933	35,065,603	3,739,646	496,057	332,477,696
Total—Non-budgetary .....	1,251,638,541	166,439,759	43,902,066	27,313,641	2,148,821	1,432,517,904
<b>SUMMARY—NON-BUDGETARY</b>						
Participation .....	1,297,485,433	138,729,602	43,902,066	3,739,646	496,057	1,475,881,393
Less: notes payable .....	45,846,892	27,710,157		23,573,995	1,652,764	43,363,494
Total—Non-budgetary .....	1,251,638,541	166,439,759	43,902,066	27,313,641	2,148,821	1,432,517,904

TABLE 9.13

INTERNATIONAL ORGANIZATIONS—*Concluded*

	Payments and other charges		Receipts and other credits		March 31/1995
	April 1/1994	Participation, note encashments or other charges	Reimbursements, note issuances or other credits	Revaluation	
	\$	\$	\$	\$	\$
<b>BUDGETARY LOANS AND ADVANCES<sup>(1)</sup></b>					
Finance—					
Global Environment Facility.....	10,000,000				10,000,000
Less: notes payable.....	6,200,000	3,100,000			3,100,000
		3,800,000			6,900,000
International Development Association.....	4,400,091,394	276,333,333			4,676,424,727
Less: notes payable.....	998,645,033	461,177,000	276,333,333		813,801,366
	3,401,446,361	737,510,333	276,333,333		3,862,623,361
Foreign Affairs and International Trade—Canadian International Development Agency—					
International financial institutions—					
African Development Bank.....	3,343,896		125,000		3,218,896
African Development Fund.....	1,162,124,167	1,177,499			1,163,301,666
Less: notes payable.....	540,472,742	105,054,616			435,418,126
	621,651,425	105,054,616			727,883,540
Andean Development Corporation.....	3,687,566		124,990		3,562,576
Asian Development Bank—Special.....	27,027,000				27,027,000
Asian Development Fund.....	1,309,843,810	88,592,070			1,398,435,880
Less: notes payable.....	642,705,899	201,200,000	88,592,070		530,097,969
	667,137,911	289,792,070	88,592,070		868,337,911
Caribbean Development Bank—					
Agricultural Development Fund.....	8,600,000				8,600,000
Caribbean Development Bank—					
Commonwealth Caribbean Regional.....	5,534,000	62,800			5,596,800
Caribbean Development Bank—Special.....	103,134,300	197,035			103,331,335
Less: notes payable.....	35,768,819	7,200,000			28,568,819
	67,365,481	7,200,000			74,762,516
Central American Bank for Economic Integration.....	1,797,779		76,500		1,721,279
Global Environment Facility					
Trust Fund.....		37,000,000			37,000,000
Less: notes payable.....		6,100,000	37,000,000		30,900,000
		43,100,000	37,000,000		6,100,000
Inter-American Development Bank—Fund for Special					
Operations.....	334,241,359	20,474,976 <sup>(2)</sup>	2,368,739		357,085,074
Less: notes payable.....	29,850,739	11,940,296	5,700,194		23,610,637
	304,390,620	32,415,272	5,700,194		333,474,437
International Bank for Reconstruction and Development.....	27,670,000		314,000		27,984,000
International Fund for Agriculture Development.....	90,207,432				90,207,432
Less: notes payable.....	31,484,901	5,000,000			26,484,901
	58,722,531	5,000,000			63,722,531
International Monetary Fund.....	15,176,210		172,220		15,348,430
	1,812,104,419	482,561,958	4,292,293	131,618,754	2,167,339,916
Subtotal—Budgetary.....	5,217,350,780	1,223,172,291	4,292,293	407,952,087	6,036,863,277
Less: budgetary treatment.....	3,109,333,673			815,546,695	3,924,880,368
Total—Budgetary.....	2,108,017,107	1,223,172,291	4,292,293	1,223,498,782	2,111,982,909
<b>SUMMARY—BUDGETARY</b>					
Participation.....	7,502,478,913	422,400,379	4,292,293	326,490	7,928,845,095
Less: notes payable.....	2,285,128,133	800,771,912		407,625,597	1,891,981,818
	5,217,350,780	1,223,172,291	4,292,293	407,952,087	6,036,863,277
budgetary treatment.....	3,109,333,673			815,546,695	3,924,880,368
Total—Budgetary.....	2,108,017,107	1,223,172,291	4,292,293	1,223,498,782	2,111,982,909
<b>GENERAL SUMMARY</b>					
Participation.....	8,799,964,346	561,129,981	48,194,359	4,066,136	9,404,726,493
Less: budgetary treatment.....	3,109,333,673			815,546,695	3,924,880,368
Subtotal.....	5,690,630,673	561,129,981	48,194,359	819,612,831	5,479,846,125
Less: notes payable.....	2,330,975,025	828,482,069		431,199,592	1,935,345,312
Total.....	3,359,655,648	1,389,612,050	48,194,359	1,250,812,423	3,544,500,813

<sup>(1)</sup> Concessional non-budgetary loans and advances made prior to April 1, 1986 have been fully provided for in the allowance for valuation of assets and included with budgetary loans and advances in this table.

<sup>(2)</sup> Includes an adjustment of \$12,262,136 to reflect payments made in previous years. These payments were previously charged to expenditures.

## European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development, as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year-end, Canada has subscribed to 34,000 shares of the capital stock of which 30 per cent of the subscribed capital is paid-in. These 34,000 shares represent Canada's initial subscription, as authorized by the *European Bank for Reconstruction and Development Agreement Act*. The Act quoted a limit of US \$120 million in respect of the paid-in portion. The subscription for the paid-in portion is being paid over a five-year period starting in 1991. Paid-in shares are purchased using cash and notes payable that are later encashed.

The total value of these shares is \$396,783,400 US, of which 30 per cent or \$119,035,020 US is paid-in. The rest is subject to call by the Bank under certain circumstances. As at March 31, 1995, Canada has paid \$95,228,016 US and has outstanding notes payable of \$11,903,502 US. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn).

During the year, transactions involving the paid-in portion included subscriptions in cash and through demand notes, encashments of previous notes payable and revaluation adjustments.

Canada's contingent liability for the callable portion of its shares is \$277,748,380 US.

## International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1995, Canada has subscribed to 44,795 shares. The total value of these shares is \$5,403,844,825 US, of which \$114,341,194 US plus \$235,082,539 Cdn has been paid-in. The remaining portion is callable. The foreign portion of the payments was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn).

During the year, the only transaction was a revaluation adjustment of \$1.8 million.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$5,069 million US.

## International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1995, Canada has subscribed to 67,195 shares. These shares have a total value of \$67,195,000 US, all of which has been paid-in. The paid-in amounts were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn).

During the year, transactions involving paid-in shares included subscriptions in cash and a revaluation adjustment. Under the 1991 General Capital Increase, Canada plans to subscribe to an additional 14,147 shares over the next 2 years evaluated at \$14 million US, which represents a commitment.

## Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1995, Canada has subscribed to 2,965 shares. The total value of these shares is \$32,081,300 US, of which \$6,416,260 US is paid-in and the remaining portion is callable. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn).

During the year, the only transactions involving the paid-in portion were revaluation adjustments.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$25,665,040 US.

## African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year-end, authority had been granted for subscriptions of 6,300 paid-in shares and 44,100 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1995, Canada's participation to the paid-in capital is \$93,996,862 Cdn for 6,300 paid-in shares. Of these paid-in shares, 2,100 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn). During the year, transactions involving paid-in shares included only an adjustment to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$175,651,308 Cdn and \$380,000,250 US for a total value of \$707,347,658 Cdn.



## Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year-end, authority had been granted for subscriptions of 11,110 paid-in shares and 81,433 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1995, Canada's participation to the paid-in capital is \$178,944,422 Cdn for 11,110 paid-in shares. Of these paid-in shares, 8,740 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn). During the year, transactions involving paid-in shares included only an adjustment to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$439,147,591 US and \$596,976,219 Cdn for a total value of \$1,211,431,528 Cdn.

## Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L35, *Appropriation Acts No. 1 and No. 2, 1994-95*).

At year-end, authority had been granted for subscriptions of 2,278 paid-in shares and 8,124 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed. As at March 31, 1995, 5 authorized paid-in shares had not been acquired. It is planned that this subscription will be completed in 1995-96.

As at March 31, 1995, Canada's participation to the paid-in capital is \$21,226,106 Cdn for 2,273 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through non-interest bearing notes and in cash. As well, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$49,001,856 US for a total value of \$68,563,397 Cdn.

## Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L35, *Appropriation Acts No. 1 and No. 2, 1994-95*).

At year-end, authority had been granted for subscriptions of 14,397 paid-in shares and 320,490 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1995, Canada's participation to the paid-in capital is \$217,927,659 Cdn for 12,718 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3992 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through the issuance of non-interest bearing notes, and the encashment of previous notes payable. As well, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$3,866,208,681 US for a total value of \$5,409,599,186 Cdn.

## International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at \$550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 500 million.

As at March 31, 1995, Canada has lent a total of 150,456,250 SDR to the Enhanced Structural Adjustment Facility. Of this amount, 1,814,000 SDR has been repaid. The outstanding balance of 148,642,250 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR/\$2.18345 Cdn). During the year, transactions included a loan in cash, repayments and an exchange valuation adjustment.

Canada has also made budgetary contributions towards an interest subsidy amounting to 32,597,586 SDR, which do not appear in Table 9.13.

### International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

### Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included the encashment of previous notes payable.

As at March 31, 1995, advances to the GEF amounted to \$10,000,000 Cdn. Outstanding notes payable amounted to \$3,100,000 Cdn.

### International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable, as well as the encashment of previous notes payable.

As at March 31, 1995, Canada's total participation in IDA amounted to \$4,676,424,727 Cdn. Outstanding notes payable amounted to \$813,801,366 Cdn. It should be noted that subscriptions to the Association represent a very small proportion of Canada's total participation.

### International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L30, *Appropriation Acts No. 1 and No. 2, 1994-95*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made in cash and through note issuances, encashments of notes issued in previous years, revaluations for foreign currency fluctuations, and other miscellaneous adjustments.

## Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

**TABLE 9.14**

### PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
<b>NEWFOUNDLAND—</b>				
Atlantic Canada Opportunities Agency— Special areas and highways agreement .....	11,796,326		3,862,971	7,933,355
Finance—				
Federal-provincial fiscal arrange- ments .....	49,387,245		5,084,045	44,303,200
Municipal Development and Loan Board .....	3,420,189		281,753	3,138,436
Winter capital projects fund .....	6,814,414		33,553	6,780,861
	59,621,848		5,399,351	54,222,497
Industry—				
Atlantic Development Board carry-over projects .....	623,640		64,816	558,824
Atlantic Provinces Power Development Act .....	57,451,843		3,340,040	54,111,803
	58,075,483		3,404,856	54,670,627
Total Newfoundland .....	129,493,657		12,667,178	116,826,479
<b>NOVA SCOTIA—</b>				
Atlantic Canada Opportunities Agency— Special areas and highways agreement .....	4,751,307		1,714,419	3,036,888
Finance—				
Federal-provincial fiscal arrange- ments .....	140,318,678		66,977,878	73,340,800
Municipal Development and Loan Board .....	525,283		117,761	407,522
Winter capital projects fund .....	1,183,872		566,500	617,372
	142,027,833		67,662,139	74,365,694
Industry—				
Atlantic Development Board carry-over projects .....	2,385,446		270,332	2,115,114
Atlantic Provinces Power Development Act .....	24,047,754		2,704,276	21,343,478
	26,433,200		2,974,608	23,458,592
Total Nova Scotia .....	173,212,340		72,351,166	100,861,174
<b>PRINCE EDWARD ISLAND—</b>				
Atlantic Canada Opportunities Agency— Comprehensive development plan agreement .....	8,067,069		621,655	7,445,414
Finance—				
Federal-provincial employment loans program .....	21,768		21,768	
Federal-provincial fiscal arrange- ments .....	29,910,071	1,354,929	9,950,000	21,315,000
Municipal Development and Loan Board .....	446,185		41,371	404,814
Winter capital projects fund .....	506,217		96,764	409,453
	30,884,241	1,354,929	10,109,903	22,129,267
Industry—				
Atlantic Development Board carry-over projects .....	11,903		11,903	
Total Prince Edward Island .....	38,963,213	1,354,929	10,743,461	29,574,681

TABLE 9.14

## PROVINCIAL AND TERRITORIAL GOVERNMENTS—Continued

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
<b>NEW BRUNSWICK—</b>				
Atlantic Canada Opportunities Agency— Special areas and highways agreement .....	16,836,351		3,475,148	13,361,203
Finance—				
Federal-provincial fiscal arrange- ments .....	14,971,500	31,230,524	14,971,500	31,230,524
Municipal Development and Loan Board .....	2,066,110		147,766	1,918,344
Winter capital projects fund .....	8,569,162		143,802	8,425,360
	25,606,772	31,230,524	15,263,068	41,574,228
Industry—				
Atlantic Development Board carry-over projects .....	461,996		466,992	-4,996
Atlantic Provinces Power Development Act .....	24,165,441		2,138,073	22,027,368
	24,627,437		2,605,065	22,022,372
Natural Resources—				
Regional electrical interconnec- tions .....	4,193,217		109,795	4,083,422
Total New Brunswick .....	71,263,777	31,230,524	21,453,076	81,041,225
<b>QUEBEC—</b>				
Finance—				
Federal Office of Regional Development-Quebec— Special areas and highways agreement .....	30,406,956		3,870,261	26,536,695
Federal-provincial fiscal arran- gements .....	247,361,000		55,159,400	192,201,600
Municipal Development and Loan Board .....	27,234,255		2,820,994	24,413,261
Total Quebec .....	305,002,211		61,850,655	243,151,556
<b>ONTARIO—</b>				
Finance—				
Federal-provincial employment loans program .....	1,306,136		1,306,136	
Municipal Development and Loan Board .....	2,675,881		1,434,741	1,241,140
Winter capital projects fund .....	10,513,517		3,208,258	7,305,259
Total Ontario .....	14,495,534		5,949,135	8,546,399
<b>MANITOBA—</b>				
Agriculture and Agri-Food—				
Agricultural service centres .....	5,063		5,063	
Finance—				
Federal-provincial fiscal arran- gements .....	231,797,768	7,071,000	94,306,768	144,562,000
Municipal Development and Loan Board .....	663,474		151,330	512,144
Winter capital projects fund .....	1,059,466		234,122	825,344
	233,520,708	7,071,000	94,692,220	145,899,488
Western Economic Diversification—				
Special areas and highways agreement .....	874,768		348,089	526,679
Total Manitoba .....	234,400,539	7,071,000	95,045,372	146,426,167
<b>SASKATCHEWAN—</b>				
Agriculture and Agri-Food—				
Agricultural service centres .....	2,814,029		569,149	2,244,880
Finance—				
Federal-provincial employment loans program .....	-1,319	1,319		
Federal-provincial fiscal arran- gements .....	131,796,830	30,000,000	20,477,830	141,319,000
Municipal Development and Loan Board .....	110,471		26,685	83,786
	131,905,982	30,001,319	20,504,515	141,402,786
Total Saskatchewan .....	134,720,011	30,001,319	21,073,664	143,647,666



TABLE 9.14

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
<b>ALBERTA—</b>				
Finance—				
Municipal Development and Loan Board .....	922,209		52,173	870,036
Winter capital projects fund .....	450,213		363,417	86,796
	1,372,422		415,590	956,832
Western Economic Diversification—				
Special areas and highways agreement .....	763,127		284,078	479,049
Total Alberta .....	2,135,549		699,668	1,435,881
<b>BRITISH COLUMBIA—</b>				
Finance—				
Municipal Development and Loan Board .....	1,290,728		221,204	1,069,524
Winter capital projects fund .....	4,113,889		1,597,755	2,516,134
Total British Columbia .....	5,404,617		1,818,959	3,585,658
<b>NORTHWEST TERRITORIES—</b>				
Finance—				
Federal-provincial employment loans program .....	-162	162		
Winter capital projects fund .....	87,322		27,047	60,275
	87,160	162	27,047	60,275
Indian Affairs and Northern Development—				
Government of the Northwest Territories .....	32,178		15,728	16,450
Total Northwest Territories .....	119,338	162	42,775	76,725
<b>YUKON TERRITORY—</b>				
Indian Affairs and Northern Development—				
Government of the Yukon Territory .....	2,008,727		685,578	1,323,149
Yukon Territory small business loans .....	89,362		89,362	
Total Yukon Territory .....	2,098,089		774,940	1,323,149
Total .....	1,111,308,875	69,657,934	304,470,049	876,496,760

**Special areas and highways agreement—Atlantic Canada Opportunities Agency**

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 6.3519 percent to 9.5757 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1995 and April 1, 2005.

**Federal-provincial fiscal arrangements**

These amounts represent overpayments in respect of provincial equalization entitlements under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act*, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

**Municipal Development and Loan Board**

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.625 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between April 1, 1995 and March 31, 2016.

**Winter capital projects fund**

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2 percent to 9.77 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between April 1, 1995 and February 28, 1999.

### Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board.

The loans bear interest at rates from 7.5 percent to 8.5 percent per annum, and are repayable over 4 to 11 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

### Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5 percent to 8.5 percent per annum, and are repayable in equal annual instalments over the next 19 years, with final instalments due between March 31, 1996 and March 31, 2014.

### Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688 percent to 9.375 percent per annum, and are repayable in equal instalments due at various anniversary dates, with final instalments by March 31, 2005.

### Federal-provincial employment loans program

Loans have been made to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans were repaid in full during the year.

### Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

The outstanding loans bear interest at 9.35 percent per annum, and are repayable in annual instalments over 31 years, with final instalments on March 31, 2011.

### Special areas and highways agreement—Federal Office of Regional Development-Quebec

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 5.768 percent to 10.164 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1995 and March 31, 2009.

### Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 8.6179 percent to 13.4765 percent per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1996 and March 31, 2004.

### Special areas and highways agreement—Western Economic Diversification

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7.1689 percent to 9.9448 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1995 and April 1, 1999.

### Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the making of second mortgage loans to municipalities and school districts for capital projects.

The remaining loan bears interest at the rate of 8.875 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on August 27, 1997.

### Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Second mortgage . . .	22,168		2,707	19,461
Low cost housing . .	35,167		11,476	23,691
Capital expenditures	446,609		58,960	387,649
Outside parties—				
Capital projects . .	1,504,783		612,435	892,348
	2,008,727		685,578	1,323,149

The loans bear interest at rates from 5.375 percent to 11.375 percent per annum, and are repayable in equal annual instalments over 15 to 35 years, with final instalments between November 30, 1995 and November 24, 2003.

**Yukon Territory small business loans**

Loans were made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The outstanding loans totalling \$89,362 were written-off in 1994-95 pursuant to Indian Affairs and Northern Development Vote 36d, *Appropriation Act No. 4, 1994-95*.

**Other Loans, Investments and Advances**

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

**TABLE 9.15****OTHER LOANS, INVESTMENTS AND ADVANCES**

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
<b>Loans and accountable advances—</b>				
Foreign Affairs and International Trade—				
Missions abroad .....	5,567,097	852,482,586	846,109,356	11,940,327
Personnel posted abroad .....	10,724,059	11,271,286	9,553,857	12,441,488
	16,291,156	863,753,872	855,663,213	24,381,815
National Defence—				
Imprest accounts, standing advances and authorized loans .....	33,375,105	618,501,277	614,246,210	37,630,172
Public Works and Government Services—				
Miscellaneous accountable advances .....	8,551,793	12,795,488	12,834,373	8,512,908
Miscellaneous accountable imprest and standing advances .....	9,691,829	6,931,358	1,819,881	14,803,306
	18,243,622	19,726,846	14,654,254	23,316,214
<b>Total— Loans and accountable advances .....</b>	<b>67,909,883</b>	<b>1,501,981,995</b>	<b>1,484,563,677</b>	<b>85,328,201</b>
<b>Other—</b>				
Agriculture and Agri-Food—				
Construction of multi-purpose exhibition buildings .....	14,961,332		1,120,085	13,841,247
Atlantic Canada Opportunities Agency—				
Loans to assist industry in the Cape Breton area .....	3,442,816			3,442,816
Loans to enterprises in Newfoundland and Labrador .....	4,460,113		15,258	4,444,855
	7,902,929		15,258	7,887,671
Canadian Heritage—				
Cultural industries .....	18,265,570	3,500,000		21,765,570
Cultural property .....	-450			-450
	18,265,120	3,500,000		21,765,120
Citizenship and Immigration—				
Transportation and assistance loans .....	55,144,317	9,326,671	13,747,081	50,723,907
Finance—				
Canadian Commercial Bank .....	65,885,768			65,885,768
Ottawa Civil Service Recreational Association .....	139,982		13,886	126,096
	66,025,750		13,886	66,011,864
Fisheries and Oceans—				
Canadian producers of frozen groundfish .....	188,315		60,000	128,315
Groundfish processors .....	85,725		68,700	17,025
Haddock fishermen .....	1,348,337			1,348,337
	1,622,377		128,700	1,493,677
Foreign Affairs and International Trade—				
Development of export trade (loans administered by the Export Development Corporation) .....	33,205,922	35,959,393	1,835,264	67,330,051
Human Resources Development—				
Provincial workers' compensation boards .....	8,063,000	425,000		8,488,000
Indian Affairs and Northern Development—				
Council for Yukon Indians .....	14,189,395	1,155,044	131,660	15,212,779
Eskimo loan fund .....	1,616,411		696,382	920,029
First Nations in British Columbia .....		14,866,299		14,866,299
Indian economic development fund .....	17,748,638	712	10,867,275	6,882,075
Indian housing assistance fund .....	598,447		282,311	316,136
Native claimants .....	240,207,480	25,033,939	4,142,124	261,099,295
Yukon Energy Corporation .....	46,819,654		605,380	46,214,274
	321,180,025	41,055,994	16,725,132	345,510,887

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/1994	Payments and other charges	Receipts and other credits	March 31/1995
	\$	\$	\$	\$
Industry—				
Canadian defence industry .....	1,056,665		70,000	986,665
Company stock option .....				
Manufacturing, processing and service industries in Canada .....	110,000,000			110,000,000
	111,056,665		70,000	110,986,665
National Defence—				
Canadian Forces housing projects .....	9,368,008		643,529	8,724,479
Natural Resources—				
Hydro-Quebec Research Institute .....	6,301,988		1,087,676	5,214,312
Joint venture—Bi-Provincial Upgrader—				
Investment .....	526,390,256		526,390,256	
Operating shortfalls .....	25,589,830	2,593,500	28,183,330	
	558,282,074	2,593,500	555,661,262	5,214,312
Public Works and Government Services—				
Defence Production Loan Account .....	1,724,007			1,724,007
Seized Property Working Capital Account .....	310,241	7,742,080	6,668,689	1,383,632
PEI Fixed Link .....		726,000,000		726,000,000
	2,034,248	733,742,080	6,668,689	729,107,639
Solicitor General—Correctional Service—				
Parolees .....	29,688	11,438	16,600	24,526
Transport—				
Hamilton Harbour Commissioners .....	325,000		50,000	275,000
Saint John Harbour Bridge Authority .....	29,430,604		391,987	29,038,617
	29,755,604		441,987	29,313,617
Veterans Affairs—				
Commonwealth War Graves Commission .....	61,215	6,870		68,085
Veterans' Land Act Fund—				
Advances .....	24,260,417	1,572,617	9,052,330	16,780,704
Less: allowance for conditional benefits .....	2,800			2,800
	24,257,617	1,572,617	9,052,330	16,777,904
	1,261,215,891	828,193,563	606,139,803	1,483,269,651
Add: consolidation adjustment <sup>(1)</sup> .....	149,180,000		7,389,000	141,791,000
Total—Other .....	1,410,395,891	828,193,563	613,528,803	1,625,060,651
Total .....	1,478,305,774	2,330,175,558	2,098,092,480	1,710,388,852

<sup>(1)</sup> Additional information on consolidated Crown corporations is provided in Section 4 of this volume.

**Missions abroad**

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

**Personnel posted abroad**

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is \$22,500,000.

The closing balance consists of loans to employees, \$10,049,604; advances for medical expenses, \$1,383,926; security and other deposits under Foreign Service Directives, \$677,054; and, school and club debentures, \$330,904.

The loans to employees bear interest at rates from 4 percent to 14 percent per annum, and are repayable over 4 to 7 years, with final instalments between April 1, 1995 and March 1, 2002.

**Imprest accounts, standing advances and authorized loans**

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$100,000,000.

**Miscellaneous accountable advances**

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.



### Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

### Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The loans bear interest at rates from 7.432 percent to 9.684 percent per annum, and are repayable over 20 to 30 years, with final instalments between December 1, 1996 and October 1, 2006.

### Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

The loans bear interest at rates from 11 percent to 13.75 percent per annum, and are repayable at various dates, with final instalments by December 12, 2000.

### Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40 percent of the shares. In an agreement dated March 29, 1989, the Newfoundland government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Enterprise Newfoundland Labrador on behalf of the Government of Canada.

These loans bear interest at rates from 10 percent to 17 percent per annum, and are repayable at various dates, with final instalments by April 1, 1999.

### Cultural industries

Payments have been made to the Cultural Industries Development Fund to establish a program of loans to cultural industries. These loans are made to Canadian owned and controlled firms in cultural industries to encourage the growth of the Canadian book publishing, film and video and sound recording industries.

During the year, additional loans were authorized by Canadian Heritage Vote L25, *Appropriation Acts No. 1 and No. 2, 1994-95*.

Amounts accumulated in the Fund only have to be repaid if the program is terminated. Interest on the loans issued by the Fund is at the prime rate and is fixed for the life of a particular loan.

### Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the *Cultural Property Export and Import Act*, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

Although authority for additional loans was provided by Canadian Heritage Vote L20, *Appropriation Acts No. 1 and No. 2, 1994-95*, no loans were made during the year. The total loan authority is \$10,000 per year.

The credit balance in the account represents an overpayment received in a previous year. This overpayment will be settled in 1995-96.

### Transportation and assistance loans

Section 119 of the *Immigration Act* authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6 percent to 15 percent per annum, with final instalments between April 1, 1995 and April 1, 2002, \$2,081,043; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1995 and April 1, 2002, \$48,642,864.

### Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

### Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The remaining loan bears interest at the rate of 4.25 percent per annum, and is repayable in equal semi-annual instalments over 45 years, with the final instalment due September 30, 2005.

### Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

### Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-67 level. The loans bore interest at the rate of 8.75 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bore interest at rates from 8 percent to 10 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

### Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write off the balance.

### Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were made under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The subtotal of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Total payments made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

	Payments and other charges		Receipts and other credits		March 31/1995
	April 1/1994	Disbursements	Revaluation	Receipts or other credits <sup>(1)</sup>	Revaluation
	\$	\$	\$	\$	\$
(a) 1 to 5 year term, 8.5 percent to 9.5 percent interest per annum, with final repayments between July 1986 and April 1995:					
Brazil .....	5,055,155			14,468	414,677
Iran .....	5,055,155	31,255,774		14,468	449,216
		31,255,774			863,893
(b) 11 to 15 year term, 8.5 percent interest per annum, with final repayments between October 1983 and September 2001:					
Antigua .....	12,896,399		1,525,652	498,392	
(c) 16 to 20 year term, 0 percent interest per annum, with final repayments in June 2012:					
Thailand .....	35,949,470	324,326	401,091		
(d) 40 year term, 0 percent interest per annum, with final repayment in March 2036:					
Antigua .....	17,777,257		196,567		
Subtotal .....	71,678,281	31,580,100	2,123,310	512,860	863,893
Less: budgetary treatment .....	38,472,359	2,255,983			458,511
Total .....	33,205,922	33,836,083	2,123,310	512,860	1,322,404
					67,330,051

<sup>(1)</sup> Receipts or other credits may include transactions such as repayments, forgiveness, etc.

## Provincial workers' compensation boards

This account is operated under the authority of section 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

## Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L25 and L25d, *Appropriation Acts No. 1, No. 2 and No. 4, 1994-95*.

The loans are repayable in full upon settlement of land claims before an Agreement-in-Principle for the settlement of a claim is reached. Loans from April 1989 onward bear interest at rates ranging from 6.8 percent to 7.98 percent.

## Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5 percent to 19.5 percent per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1995 and February 2, 2004.

During the year, loans totalling \$284,230 were written off by Indian Affairs and Northern Development Vote 36d, *Appropriation Act No. 4, 1994-95*.

## First Nations in British Columbia

Loans have been made to First Nations in British Columbia, to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaty.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L21d, *Appropriation Act No. 4, 1994-95*.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a treaty is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the treaty is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2005, whichever date is earlier.

## Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The loans bear interest at rates from 5 percent to 21 percent per annum, and are repayable over 4 months to 15 years, with final instalments between April 1, 1995 and April 1, 2008.

During the year, loans totalling \$9,545,200 were written off by Indian Affairs and Northern Development Votes 6d and 8d, *Appropriation Act No. 4, 1994-95*.

## Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10 percent per annum for up to 10 years.

During the year, \$86,235 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, *Appropriation Act No. 9, 1966*.

Loans totalling \$186,705 were also written off by Indian Affairs and Northern Development Vote 6d, *Appropriation Act No. 4, 1994-95*.

## Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Acts No. 1 and No. 2, 1994-95*.



The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2005, whichever date is earlier.

### Yukon Energy Corporation

In accordance with section 4(2) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to section 7(1) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$12,800,000 bear interest at the rate of 9 percent per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,400,000 plus interest; and,
- (b) loans in the amount of \$33,414,274 bear interest at the rate of 7 percent per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power. Clause 2 of the Flexible Term Note allows for reduced payments when sales on the Whitehorse-Arftihik-Fara (WAF) System are less than 310 GWH per year. Accordingly, the level of sales totalled 222,591.8 GWH for the year which resulted in a reduction of \$794,620 in the repayments of the principal otherwise payable (\$1,000,000 annually). The deferred principal will be payable in full on or before March 31, 2028. Subject to the interest abatement provision, where the sales of power on the WAF System falls into a certain range, the interest calculation is based on the application of a special formula. Accordingly, the amount of interest due and the amount calculated as payable will differ. An amount of \$1,869,876 in interest was abated this year.

### Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 2 years, with instalments due between April 1, 1995 and July 1, 1997.

### Company stock option

Pursuant to section 15 of the *Department of Industry, Science and Technology Act*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

- (a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,
  - (i) it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or
  - (ii) it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and
- (b) to authorize the sale or other disposition of any capital stock acquired.

During the year, additional purchases were authorized by Industry Vote L15, *Appropriation Acts No. 1 and No. 2, 1994-95*.

### Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Industry Vote L20, *Appropriation Acts No. 1 and No. 2, 1994-95*.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

### Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4 percent to 5.75 percent per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.



## Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187 percent to 7.937 percent per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

## Joint venture—Bi-Provincial Upgrader

In 1988, the Government of Canada entered into a joint venture agreement with the Provinces of Alberta and Saskatchewan and Husky Oil Operations Ltd to construct and operate the Bi-Provincial Upgrader to be located near Lloydminster, Saskatchewan. The project facility opened in 1992 and is used to upgrade heavy oil and crude bitumen.

### Investment

Since entering into the joint venture agreement in 1988, the Government invested \$529.6 million in the construction phase of the project. Of this amount, \$3.2 million was charged to expenditures (Vote 5) in 1988-89. In total, the Government's equity interest amounted to 31.67 percent.

On February 7, 1995, the Government's equity interest was sold to Crown Investments Corporation (Saskatchewan) and Husky Oil Operations Ltd for \$42 million. The balance of the account was then written-off pursuant to Natural Resources Vote 3d, *Appropriation Act No. 4, 1994-95*.

### Operating shortfalls

Payments totalling \$28.2 million were made to cover operating shortfalls. This includes an additional payment of \$2.6 million in 1994-95 as authorized by Natural Resources Vote L15, *Appropriation Acts No. 1 and No. 2, 1994-95*.

Following the sale of the Government's equity interest on February 7, 1995, the balance of the account was written-off pursuant to Natural Resources Vote 3d, *Appropriation Act No. 4, 1994-95*.

## Defence Production Loan Account

This account was established under section 18 of the *Defence Production Act*, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the *Defence Production Act* stated that the aggregate of expenditures charged to the Defence Production Revolving Fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;

- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;

- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence Production Revolving Fund; and,

- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred.

## Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received.

The total amount authorized to be outstanding at any time is \$50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

## PEI Fixed Link

Under the *Northumberland Strait Crossing Act*, the Government is obligated to pay an annual subsidy of \$41.9 million (1992 dollars) to Strait Crossing Finance Inc., a wholly-owned corporation of the Province of New Brunswick, related to the construction of a bridge (known as the PEI Fixed Link) between the Provinces of New Brunswick and Prince Edward Island. Payments of the annual subsidy will begin on May 31, 1997 and continue for 35 years. The payments will be used to retire \$661 million of 4.5 percent real rate bonds issued in October 1993 by Strait Crossing Finance Inc. to finance the construction of the bridge.

As a result of these financial arrangements, the Government of Canada has recorded a liability of \$726 million offset by deferred subsidies which are recorded in this account and which will be amortized to expenditures over the 35-year period ending on April 30, 2032.

### Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$12,165 were forgiven pursuant to Solicitor General Vote L103b, *Appropriation Act No. 1*, 1969.

### Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125 percent per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on March 20, 2004.

### Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

### Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

### Veterans' Land Act Fund

#### *Advances*

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

#### *Allowance for conditional benefits*

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenditures and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

### Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

# SECTION 10

1994-95

PUBLIC ACCOUNTS

## Other Information Related to the Financial Statements

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Insurance programs of agent enterprise Crown corporations ..	10.9
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## OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS

This section contains detailed information related to the following:

- contractual commitments;
- insurance programs of agent enterprise Crown corporations;
- contingent liabilities; and,
- international organizations.

### Contractual Commitments

A contractual commitment represents a legal obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditures. In the case of contractual commitments to international organizations, some will result in future budgetary expenditures while others will result in non-budgetary payments.

Contractual commitments can be classified into five main categories: transfer payment agreements (grants and contributions), fixed assets and purchases, operating and capital leases, international organizations and benefit and pension plans.

Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases.

All outstanding contractual commitments of \$50 million or more per project at year end are reported in the case of fixed assets, purchases, operating leases and transfer payment agreements. All capital lease arrangements with total minimum lease

payments remaining at year end in excess of \$1 million per contract are reported. For international organizations, all contractual commitments in excess of \$1 million at year end are reported.

While no details are provided in this section, as indicated in Section 1, estimated annual expenditures under the *Pension Act* for disability and death arising from military service will approximate \$1,100 million per year over the next few years.

The Government also provides pensions to certain members of the Canadian Forces and Royal Canadian Mounted Police (RCMP) under the *Defence Services Continuation Act* and the *RCMP Continuation Act* respectively. It is estimated that each of these obligations is in the order of \$150 million.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

Table 10.1 summarizes these contractual commitments. Details of the first four types of contractual commitments will be found in other tables in this section.

**TABLE 10.1**

### CONTRACTUAL COMMITMENTS

(in millions of dollars)

	Transfer payments	Acquisition of property	Operating and capital leases	International organizations	Other	Total
Information from:						
Table 10.3 .....	11,269	5,022	1,049			17,340
Table 10.4 .....			3,323			3,323
Table 10.6 .....				2,400		2,400
Pension plans for veterans .....					5,500	5,500
Liability under Continuation Acts .....					300	300
Total .....	11,269	5,022	4,372	2,400	5,800	28,863



Table 10.2 summarizes the information presented in Table 10.1 to indicate the minimum amounts required to satisfy obligations under contractual commitments each year from 1996

to 2000 inclusive, and a total for amounts due in the year 2001 and subsequently.

**TABLE 10.2****SCHEDULE OF MINIMUM PAYMENTS**

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Acquisition of fixed assets and purchases	Commitments under operating and capital lease arrangements	Commitments to international organizations	Benefit and pension plans	Total
1996 .....	2,757	2,020	176	1,184	1,400	7,537
1997 .....	2,172	1,393	181	473	1,100	5,319
1998 .....	2,085	850	181	334	1,100	4,550
1999 .....	2,028	377	184	145	1,100	3,834
2000 .....	2,075	243	191	130	1,100	3,739
2001 and subsequently .....	152	139	3,459	134		3,884
Total .....	11,269	5,022	4,372	2,400	5,800	28,863

### Transfer Payment Agreements, Fixed Assets, Purchases and Operating Leases

Table 10.3 provides details of contractual commitments that involve transfer payment agreements, fixed assets, purchases and operating leases. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 13 to the audited financial statements in Section 1 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

**TABLE 10.3**

### TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 1995

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2001 and subsequently
					1996	1997	1998	1999	2000	
Transfer payment agreements—										
Canada Mortgage and Housing Corporation (Government account)—										
Social Housing Program .....	17,010 <sup>(1)</sup>	17,010	7,425	9,585 <sup>(2)</sup>	1,914	1,898	1,892	1,924	1,957	
Natural Resources—										
Support for the Hibernia Development Project...	974	974	843	131	131					
Indian Affairs and Northern Development—										
Comprehensive land claim agreements										
Cree Regional Authority (Cree and Naskapi) .....	268	268	100	168	36	36	32	32	32	
Inuit of the Nunavut ...	142	142	37	105	18	12	12	12	12	39

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES  
AS AT MARCH 31, 1995—*Continued*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2001 and subse- quently
					1996	1997	1998	1999	2000	
Council for Yukon final agreements— Implementation costs for: Champagne and Aishihik First Nations Vuntut Gwitch'in First Nation First Nation of Nacho Nyak Dun Teslin Tlingit Council Total cost .....	106	106	17	89	6	6	22	8	8	39
Alternative funding arrangements— Eskasoni Band .....	95	95	38	57	19	19	19			
Kahnawake Band .....	114	114	43	71	24	23	24			
Norway House Band .....	101	101	41	60	22	19	19			
Nuu-Chah-Nulth Tribal Council .....	128	128	77	51	26	25				
Peguis Band .....	89	89	38	51	18	17	16			
Sagkeeng First Nation Fort Alexander .....	91	91		91	18	18	18	18	19	
Financial transfer arrangement— Lesser Slave Lake Indian Regional Council .....	116	116		116	24	23	23	23	23	
Manitoba Hydro-Electric Board and the Minister of Northern Affairs, Province of Manitoba for the design and construction of transmission lines and related facilities to supply and distribute electrical power in communities .....	84	84	20	64	7	9	5	8	21	14
Public Works and Government Services— Northumberland Strait Crossing Fixed link to P.E.I. <sup>(3)</sup> .....										
Industry— Province of Ontario Canada Infra- structure Works Agreement .....	722	722	167	555	491	64				
Subtotal .....	20,040	20,040	8,846	11,194	2,754	2,169	2,082	2,025	2,072	92
Consolidated Crown corporation— National Capital Commission— Province of Quebec Road agreement .....	254	254	179	75	3	3	3	3	3	60
Total transfer payment agreements .....	20,294	20,294	9,025	11,269	2,757	2,172	2,085	2,028	2,075	152

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES  
AS AT MARCH 31, 1995—Continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2001 and subse- quently
					1996	1997	1998	1999	2000	
Fixed assets and purchases—										
Fixed assets—										
Finance—										
Equity interest in Hibernia Project .....	407	407	211	196	93	64	39			
National Defence—										
Helicopters with integrated logistic support .....	1,264	912	207	705	255	247	165	14	12	12
Light armoured reconnaissance vehicle chassis .....	549	549	71	478	194	250	34			
Maritime coastal defence vessels .....	746	674	126	548	146	131	125	49	5	92
Aircraft warfare training capability .....	135	131	78	53	28	13	9	3		
Tribal Class Update and Modernization Pro- gram—Warships .....	1,635	1,511	1,481	30	30					
Arctic and maritime surveillance aircraft .....	1,044	1,044	969	75	40	30	5			
Canadian Patrol Frigate Program—Warships ....	8,991	8,505	7,888	617	394	131	61	24	7	
North American Air Defence Modernization— Land, buildings, radar sites and communications equipment .....	255	255		255	61	48	45	48	53	
CAE Aviation, procure, install and update avionic systems in CC130 aircraft .....	126	126	7	119	25	14	37	33	10	
Light trucks and associated support .....	254	242	205	37	37					
Tactical commun- ications system .....	1,853	1,487	572	915	255	205	155	133	132	35
Military Air Traffic System .....	179	71	12	59	5	18	14	11	11	
Short Range Antiarmour weapon ....	97	97	48	49	14	25	10			
Systemhouse Ltd., Canadian Forces Supply System upgrade .....	151	149	12	137	31	40	42	24		
Transport—										
Automated flight data processing and display systems ....	659	427	345	82	65	17				
Total fixed assets .....	18,345	16,587	12,232	4,355	1,673	1,233	741	339	230	139
Purchases —										
Industry—										
Canadian Space Agency— Radarsat Project .....	303	303	296	7	7					

OTHER INFORMATION RELATED TO  
THE FINANCIAL STATEMENTS

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES  
AS AT MARCH 31, 1995—*Concluded*

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitments to be disbursed by March 31					2001 and subse- quently
					1996	1997	1998	1999	2000	
Mobile Servicing System for International Space Station .....	302	302	220	82	61	17	4			
National Defence— Ammunition .....	222	222		222	154	38	23	6	1	
Military pilot training .....	154	154	73	81	30	34	17			
Human Resources Development— EDS Canada Ltd design and build CSDN and install WAN/LAN .....	271	113	27	86	44	20	14	3	5	
<i>Subtotal</i> .....	<i>1,252</i>	<i>1,094</i>	<i>616</i>	<i>478</i>	<i>296</i>	<i>109</i>	<i>58</i>	<i>9</i>	<i>6</i>	
Consolidated Crown corporation— Canadian Broadcasting Corporation— Sports rights .....	189	189		189	51	51	51	29	7	
Total purchases .....	1,441	1,283	616	667	347	160	109	38	13	
<b>Total fixed assets and purchases .....</b>	<b>19,786</b>	<b>17,870</b>	<b>12,848</b>	<b>5,022</b>	<b>2,020</b>	<b>1,393</b>	<b>850</b>	<b>377</b>	<b>243</b>	<b>139</b>
Operating leases— Environment— Lease of land Capilano Indian Reserve No. 5 Vancouver, B.C. ....	297	297	4	293	4	4	4	3	5	273
Public Works and Government Services— Journal Building, Ottawa ..	151	151	12	139	14	14	14	14	14	69
Place de Ville "C", Ottawa ..	181	181	17	164	18	18	18	18	18	74
200 Kent St., Ottawa .....	102	102	5	97	7	11	11	12	12	44
<i>Subtotal</i> .....	<i>731</i>	<i>731</i>	<i>38</i>	<i>693</i>	<i>43</i>	<i>47</i>	<i>47</i>	<i>47</i>	<i>49</i>	<i>460</i>
Consolidated Crown corporations— National Capital Commission— Chalmers Building 40 Elgin St., Ottawa. ....	126	126	1	125	4	4	4	4	4	105
VIA Rail Canada Inc.— Office space .....	109	109	37	72	4	4	4	5	6	49
Rail services .....	165	165	6	159	2	2	2	2	2	149
<i>Subtotal</i> .....	<i>400</i>	<i>400</i>	<i>44</i>	<i>356</i>	<i>10</i>	<i>10</i>	<i>10</i>	<i>11</i>	<i>12</i>	<i>303</i>
<b>Total operating leases .....</b>	<b>1,131</b>	<b>1,131</b>	<b>82</b>	<b>1,049</b>	<b>53</b>	<b>57</b>	<b>57</b>	<b>58</b>	<b>61</b>	<b>763</b>
<b>Grand total .....</b>	<b>41,211</b>	<b>39,295</b>	<b>21,955</b>	<b>17,340</b>	<b>4,830</b>	<b>3,622</b>	<b>2,992</b>	<b>2,463</b>	<b>2,379</b>	<b>1,054</b>

(1) The total shown under "Total Estimated Cost" is a cumulative total of amounts charged to budgetary appropriations since 1992, when particulars of this commitment first were reported in the *Public Accounts*, plus the outstanding commitment reported at fiscal year end.

(2) The total outstanding amount of this commitment which extends up to 40 years, cannot be determined with any degree of accuracy and hence estimates have been provided covering only the next five fiscal periods. The sum of these amounts (\$9,585 million), should therefore not be interpreted as the total outstanding commitment at March 31, 1995.

(3) Under the *Northumberland Strait Crossing Act*, the Government is obligated to pay an annual subsidy of \$41.9 million (1992 Dollars) to Strait Crossing Finance Inc., a wholly-owned corporation of the Province of New Brunswick, related to the construction of a bridge between the provinces of New Brunswick and Prince Edward Island. Payments of the annual subsidy will begin on May 31, 1997 and continue for 35 years. The payments will be used to retire \$661 million of 4.5 percent real rate bonds issued in October 1993 by Strait Crossing Finance Inc. to finance the construction of the bridge. As a result of these financial arrangements, the Government of Canada has recorded a liability of \$726 million offset by deferred subsidies which will be amortized over the 35 year period ending on April 30, 2032. Consequently, this item is no longer be reported as a commitment in the *Public Accounts*.



## Capital Leases

Table 10.4 provides details of commitments under capital lease arrangements which form part of the summary in Note 13 to the audited financial statements in Section 1 of this volume. A capital lease is a lease that, from the point of view of the Government, transfers substantially all the benefits and risks

incident to ownership of the asset to the Government. Table 10.5 presents commitments under capital lease arrangements in order of maturity. There were no purchase options exercised during the year.

### TABLE 10.4

#### COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS

(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1995		
						Total estimated remaining mini- mum lease payments	Less: imputed interest, using the implicit interest rate	Net commit- ments under capital lease arrange- ments
Indian Affairs and Northern Development—								
Office equipment <sup>(1)</sup> .....	July 31, 1991	3	2,399	7,109	22.5	1,323	223	1,100
Office equipment .....	Aug 15, 1994	3	2,389	6,238	6.5	4,851	472	4,379
Office equipment .....	Oct 15, 1994	3	295	1,501	14.0	1,251	258	993
			5,083	14,848		7,425	953	6,472
Public Works and Government Services—								
Guy Favreau Building, Montréal . . .	Dec 1, 1983	35	87,600	422,980	12.6 <sup>(2)</sup>	295,733	210,285	85,448
240 Sparks St, Ottawa .....	Jan 1, 1979	35	63,703	213,500	9.1 <sup>(2)</sup>	114,375	60,528	53,847
L'Esplanade Laurier, Ottawa .....	July 1, 1975	35	60,374	222,715	9.4 <sup>(2)</sup>	107,197	56,731	50,466
Place du Centre, Hull .....	Dec 1, 1977	30	26,201	96,600	11.2 <sup>(2)</sup>	44,254	22,846	21,408
Terrasses de la Chaudière, Hull .....	July 1, 1977	35	146,084	637,380	11.4 <sup>(2)</sup>	341,619	210,031	131,588
Government of Canada Building, (GOCB), Cornwall .....	Dec 1, 1984	35	9,600	49,420	14.6 <sup>(2)</sup>	34,830	25,485	9,345
Scarborough (GOCB) .....	Dec 1, 1984	35	38,900	191,965	13.2 <sup>(2)</sup>	138,244	100,329	37,915
Chatham (GOCB) .....	June 1, 1985	35	4,940	20,790	11.8 <sup>(2)</sup>	14,951	10,213	4,738
Place Vincent Massey, Hull .....	Aug 1, 1986	25	23,439	78,627	13.0 <sup>(2)</sup>	51,367	29,056	22,311
Canada Place, Edmonton .....	Oct 1, 1988	35	105,000	438,165	11.7 <sup>(2)</sup>	356,792	254,362	102,430
Louis Saint-Laurent, Hull .....	Aug 1, 1991	25	73,000	223,897	10.8	193,283	123,276	70,007
Block 56, Vancouver .....	Mar 31, 1995	25	54,100	166,675	11.5	166,675	112,574	54,101
			692,941	2,762,714		1,859,320	1,215,716	643,604
Canada Mortgage and Housing Corporation (Government Account)—								
National Office Building, Ottawa. .	Oct 1, 1990	25	38,982	106,195	11.77 & 11.57	84,474	49,716	34,758
			731,923	2,868,909		1,943,794	1,265,432	678,362
Consolidated Crown corporation— Canadian Broadcasting Corporation— Canadian Broadcasting Centre, 250 Front St. W., Toronto <sup>(1)</sup> .....								
	Oct 14, 1988	50	485,111	1,495,874	varied	1,372,199	938,772	433,427
Total .....			1,222,117	4,379,631		3,323,418	2,205,157	1,118,261

<sup>(1)</sup> Some data previously reported has been restated

<sup>(2)</sup> Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

TABLE 10.5

## COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY

(in thousands of dollars)

Department and agency	Payments due in											Total
	1996	1997	1998	1999	2000	2001 to 2005	2006 to 2010	2011 to 2015	2016 to 2020	2021 to 2025	2026 to 2030	
Indian Affairs and Northern Development —												
Remaining payments .....	3,903	2,576	946									7,425
Imputed interest .....	640	294	19									953
Executory costs .....												
Net commitments .....	3,263	2,282	927									6,472
Public Works and Government Services—												
Remaining payments .....	80,202	80,758	80,758	80,758	80,758	403,790	406,936	363,816	237,070	44,474		1,859,320
Imputed interest .....	73,083	72,824	71,954	70,989	69,918	328,840	269,387	170,445	78,774	9,502		1,215,716
Net commitments .....	7,119	7,934	8,804	9,769	10,840	74,950	137,549	193,371	158,296	34,972		643,604
Canada Mortgage and Housing Corporation (Government Account)—												
Remaining payments .....	5,169	5,169	5,169	5,169	5,169	18,930	18,169	18,169	3,361			84,474
Imputed interest .....	3,930	3,782	3,616	3,430	3,222	14,043	10,827	6,807	59			49,716
Net commitments .....	1,239	1,387	1,553	1,739	1,947	4,887	7,342	11,362	3,302			34,758
Consolidated Crown corporation—												
Canadian Broadcasting Corporation—												
Remaining payments .....	33,873	35,601	37,541	40,316	43,699	148,446	229,494	229,494	229,494	229,494	114,747	1,372,199
Imputed interest .....	40,979	40,964	41,362	41,630	41,689	122,708	194,145	173,270	140,068	87,260	14,697	938,772
Net commitments .....	-7,106	-5,363	-3,821	-1,314	2,010	25,738	35,349	56,224	89,426	142,234	100,050	433,427
Summary—												
Remaining payments .....	123,147	124,104	124,414	126,243	129,626	571,166	654,599	611,479	469,925	273,968	114,747	3,323,418
Imputed interest .....	118,632	117,864	116,951	116,049	114,829	465,591	474,359	350,522	218,901	96,762	14,697	2,205,157
Executory costs .....												
Net commitments .....	4,515	6,240	7,463	10,194	14,797	105,575	180,240	260,957	251,024	177,206	100,050	1,118,261

## International Organizations

Table 10.6 summarizes commitments made to international organizations which are also summarized in Note 13 to the audited financial statements in Section 1 of this volume. These commitments relate to agreements with international organizations and other sovereign nations, which stipulate that the

Government will disburse funds in future years for loans, advances and paid-in share capital. Some of these disbursements will be in the form of budgetary payments, while others will be non-budgetary. Additional information on these commitments is provided in Table 10.9 and in Section 1 of this volume.

TABLE 10.6

## INTERNATIONAL ORGANIZATIONS SUMMARY

(in millions of dollars)

	Undisbursed loans and advances	Future paid-in share capital	Total
Non-budgetary share capital and loans .....	835	81	916
Budgetary loans and advances .....	1,484		1,484
Total .....	2,319	81	2,400

## Insurance Programs of Agent Enterprise Crown Corporations

Three Crown corporations currently operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, the Deposit Insurance Fund administered by the Canada Deposit Insurance Corporation has required funding from the Government to meet obligations.

Information presented in Table 10.7 has not been audited since the information presented therein is derived from interim financial statements. The most recent annual financial statements of these corporations may be found in the *"President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada"*. Insurance programs of agent Crown corporations are summarized in Note 14 to the audited financial statements in Section 1 of this volume.

In Table 10.7, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

TABLE 10.7

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS  
FOR THE YEAR ENDED MARCH 31, 1995

(in millions of dollars)

	Canada Deposit Insurance Corporation <sup>(1)</sup>		Canada Mortgage and Housing Corporation <sup>(2)</sup>								Export Development Corporation <sup>(3)</sup>	
	1994-95	1993-94	Mortgage Insurance Fund		Mortgage-Backed Securities Guarantee Fund		Home Improvement Loan Fund <sup>(4)</sup>		Rental Guarantee Fund		1994-95	1993-94
Insurance in force as at reporting date .....	323,895	306,938	103,900	88,000	17,519	16,388		NIL	N/A	N/A	7,373	6,877
Opening balance of Fund .....	-1,648	-1,713	38	86	12	11		1	13	18	108	102
Revenues for the period -												
Premiums and fees .....	513	391	343	284	10	9					54	51
Investment income .....	9	10	78	161	2	3						
Other revenues .....	10	6	1						1	1		
Total revenues .....	532	407	422	445	12	12		(5)	1	1	54	51
Expenses for the period -												
Loss on/provision for claims .....	430	109	417	377							6	51
Interest on loans .....	182	211										
Administrative and tax .....	19	22	115	116	6	6			1	1		-5
Funds returned to Government .....						5		1		5		
Total expenses .....	631	342	532	493	6	11		1	1	6	6	46
Net income/loss (-) for the period .....	-99	65	-110	-48	6	1		-1		-5	48	5
Closing balance of Fund .....	-1,747	-1,648	-72	38	18	12		NIL	13	13	156	107
Net claims during the year <sup>(6)</sup> .....	-152	546	342	284	N/A	N/A		NIL	N/A	N/A	7	3
Five year average of net claims paid .....	232	317	218	144	N/A	N/A		NIL	N/A	N/A	12	12

(1) The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$2,160 million at March 31, 1995 (\$3,151 million at March 31, 1994). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government.

(2) Canada Mortgage and Housing Corporation (CMHC) administers four funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF as of September 30, 1994 disclosed that the Fund had a pre-tax deficit of \$85.7 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

(3) The Export Development Corporation provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

(4) The Home Improvement Loan Insurance Fund was terminated in April 1993. All residual assets have been returned to the Consolidated Revenue Fund.

(5) Less than \$500,000.

(6) Refers to the difference between claims and amounts received from sales of related assets and other recoveries.



## Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted for in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 10.8 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 9.9—"Contingent Liabilities of Enterprise Crown Corporations". However, the borrowings of agent enterprise Crown corporations are reported with the contingent liabilities of the Government in compliance with the *Financial Administration Act*. In accordance with section 54 of the Act, the repayment of all money borrowed by agent enterprise Crown corporations is payable out of the Consolidated Revenue Fund. Such borrowings therefore, constitute potential obligations of the Government and are reported as such in Table 10.8. Three agent enterprise Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 10.7 of this section.

The contingent liabilities of the Government include borrowings by agent Crown corporations (net of allowance for loss), from non-government sources and explicit guarantees by the Government for borrowings by non-agent Crown corporations

from the private sector. In other cases, the Government has agreed to guarantee loans made by agent enterprise Crown corporations to Indians for on-reserve housing. As well, the Government has also guaranteed collectively or specifically the loans of certain individuals and companies that they obtained from financial institutions in the private sector. These explicit guarantees cover guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as are the contingent liabilities of consolidated Crown corporations in the following table. Also included, are contingent liabilities related to present and future callable share capital and lines of credit for international organizations.

Contingent liabilities other than loan guarantees and borrowings of agent enterprise Crown corporations, are recorded in the accounts when they become actual liabilities. Losses on loan guarantees are accrued in the accounts through a valuation allowance calculation when it is likely that a payment will be made in the future to honour a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the loan guarantee, loss experience and the use of other measurement techniques. Borrowings of agent enterprise Crown corporations are recorded as liabilities through a valuation allowance for the portion not expected to be repaid directly by these corporations.

Also included in Table 10.8 are contingent liabilities related to present and future callable share capital and lines of credit for international organizations. These contingent liabilities may result in non-budgetary future payments.

The following table is also summarized in Note 15 to the financial statements of the Government in Section 1 of this volume.

TABLE 10.8

STATEMENT OF CONTINGENT LIABILITIES  
AS AT MARCH 31, 1995

	Authorized limit (where applicable) <sup>(1)</sup>	Contingent liability <sup>(2)</sup>	Percentage of expected losses to outstanding guarantees (where applicable) <sup>(3)</sup>
	\$	\$	%
GUARANTEES BY THE GOVERNMENT OF			
Borrowings by enterprise Crown corporations which are agents of Her Majesty . . . . .		22,916,088,000 <sup>(4)</sup>	18.7
Explicit borrowings by enterprise Crown corporations which are not agents of Her Majesty			
Canadian National Railway Company— Bonds and notes . . . . .	130,500	130,500	
	130,500	22,916,218,500	
Borrowings by other than enterprise Crown corporations			
From agents			
Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing . . . . .	1,200,000,000	77,305,910 <sup>(5)</sup>	
From other than agents			
Guarantee programs of the Government			
Canada Student Loans Act . . . . .	10,582,187,508 <sup>(6)</sup>	4,788,848,879	9.6
Small Businesses Loans Act . . . . .	1,983,345,887 <sup>(6)</sup>	1,124,096,152	38.2
Farm Improvement Loans Act and Farm Improvement and Marketing Cooperatives Loans Act . . . . .	<sup>(6)</sup>	561,767,982	2.0
Advance Payments for Crops Act . . . . .	400,000,000	103,087,644	1.0
Atlantic Enterprise Program . . . . .	57,300,621	57,300,621 <sup>(7)</sup>	33.2
Enterprise development program and Canadian Industrial Renewal Board . . . . .	1,087,699,379	5,919,521 <sup>(8)</sup>	
Fisheries Improvement Loans Act . . . . .	1,881,680 <sup>(6)</sup>	1,759,350	
Regional Development Incentives Act . . . . .	20,304,075	542,714	
Loans to Indians by approved lenders for on-reserve housing . . . . .	<sup>(9)</sup>	843,939,927 <sup>(5)</sup>	
Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC7 and DHC8 aircraft . . . . .	974,800,000 <sup>(10)</sup>	437,514,818 <sup>(10)</sup>	5.3
Aboriginal Economic Program . . . . .	6,579,999	5,592,999	
Indian economic development . . . . .	33,051,040 <sup>(11)</sup>	1,918,529 <sup>(5)</sup>	
Time Air (1982) Ltd . . . . .	10,000,000	1,653,750	
	15,157,150,189	7,933,942,886	
Other explicit loan guarantees <sup>(12)</sup>			
Loans with respect to the <i>Hibernia Development Project Act</i> . . . . .	1,660,000,000	1,056,273,330 <sup>(10)</sup>	
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader . . . . .	177,282,364	177,282,364	
Loan by First Union Commercial Corporation to Air Canada for purchase of aircraft . . . . .	62,964,000	56,807,520	
Loan to PWA Corporation for operating purposes . . . . .	50,000,000	37,602,500	
Loans for the financing of Alceff Technologies Inc (ATI) . . . . .	75,000,000	25,000,000	
Loans to Government of Romania . . . . .	27,000,000	24,000,000	
Loans to Marine Industries Limited for acquisition of assets . . . . .	55,000,000	17,000,000	
Loans to Government of Hungary . . . . .	15,000,000	13,500,000	
Loan to Seafreeze Food Limited for acquisition of assets . . . . .	15,000,000	3,448,527	
	2,137,246,364 <sup>(13)</sup>	1,410,914,241	
Insurance programs of the Government <sup>(13)</sup>			
Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees . . . . .	13,000,000,000 <sup>(14)</sup>	821,168,829	
Insurance against accidents at nuclear installations under the <i>Nuclear Liability Act</i> <sup>(15)</sup> . . . . .	600,000,000	589,458,479	
Insurance under the Fishing Vessel Insurance Plan <sup>(16)</sup> . . . . .	29,491,361	247,669,850	
	13,629,491,361	1,658,297,158	

TABLE 10.8

STATEMENT OF CONTINGENT LIABILITIES  
AS AT MARCH 31, 1995—Continued

	Authorized limit (where applicable) <sup>(1)</sup>	Contingent liability <sup>(2)</sup>	Percentage of expected losses to outstanding guarantees (where applicable) <sup>(3)</sup>
	\$	\$	%
Other explicit guarantees <sup>(17)</sup>			
Guarantees under the <i>Prairie Grain Advance Payments Act</i> .....		262,748,173	3.0
Guarantees to holders of mortgages insured by the Mortgage Insurance Company of Canada .....		36,094,000	
Guarantees under the <i>Agricultural Products Cooperative Marketing Act</i> .....		18,107,100	5.5
Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc. ....	600,000	600,000 <sup>(18)</sup>	
	600,000	317,549,273	
Total gross guarantees .....	32,124,618,414	34,314,227,968	
Less: allowance for losses. ....		5,540,000,000 <sup>(19)</sup>	
Net exposure under guarantees .....		28,774,227,968	
INTERNATIONAL ORGANIZATIONS .....		16,862,896,110 <sup>(10)(20)</sup>	
CLAIMS AND PENDING AND THREATENED LITIGATION .....		9,555,069,621 <sup>(10)(21)</sup>	
COMPREHENSIVE NATIVE LAND CLAIMS .....		622,777,485 <sup>(22)</sup>	
Subtotal <sup>(23)</sup> .....		55,814,971,184	
CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS .....		41,887,000 <sup>(24)</sup>	
TOTAL .....		55,856,858,184	

(1) The authorized limits indicated in the above statement, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

(2) A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

(3) The percentage of expected losses is calculated, where applicable, by dividing the amount of allowances for loan guarantees by the amount of the corresponding outstanding guarantees computed as at March 31, 1995.

(4) Borrowings by agent enterprise Crown corporations in accordance with section 54 of the *Financial Administration Act*, are considered potential obligations of the Government and are therefore included in this statement. Outstanding borrowings for these Crown corporations as at March 31, 1995 are summarized as follows:

	(in thousands of dollars)
Atomic Energy of Canada Limited .....	8,840
Canada Mortgage and Housing Corporation .....	3,629,736
Canada Post Corporation .....	198,994
Canadian Wheat Board, The .....	7,320,972
Export Development Corporation .....	7,514,803
Farm Credit Corporation .....	990,210
Federal Business Development Bank .....	2,722,837
Freshwater Fish Marketing Corporation .....	5,974
Petro-Canada Limited .....	504,018
Saint John Port Corporation .....	19,696
Seaway International Bridge Corporation, Ltd, The .....	8
Total .....	22,916,088

(5) Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$147,409,583 and for Indian economic development, \$72,000. At March 31, 1995, no loans have been reported issued for these amounts by lenders. However, since past history indicates that 95% of these loans will be or have been advanced to clients, these amounts are included as contingencies.

(6) The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

(7) The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$53,158,922 as at March 31, 1995) and in the Gaspé Peninsula and Magdalen Islands of Quebec where administration of the Program is the responsibility of the Federal Office of Regional Development - Quebec (\$4,055,893 as at March 31, 1995). The Department of Industry has responsibility for all capital projects in excess of \$20 million in the Atlantic provinces (\$85,806 as at March 31, 1995).

(8) There are no loan guarantees attributable to the Canadian Industrial Renewal Board.

(9) The authorized limit for loan guarantees for on-reserve housing totals \$1.2 billion (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

(10) Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of the statement.

(11) The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1995, \$26,948,960 has been expended from the CRF leaving a balance of \$33,051,040 available for disbursement.



## TABLE 10.8

## STATEMENT OF CONTINGENT LIABILITIES

AS AT MARCH 31, 1995—*Concluded*

- (12) Ridley Terminals Inc. (RTI) became a wholly-owned subsidiary of Canada Ports Corporation, an enterprise agent Crown corporation, on July 30, 1991. Canada Ports Corporation has arranged long-term financing (\$193,041,256 as at March 31, 1995) with an agent Crown corporation to facilitate the acquisition of RTI, payment of which has been guaranteed by the Government. The lending Crown corporation has in turn borrowed from a private sector bank and a provision has been recorded in the accounts of Canada in accordance with Note 4 above and Note 19 which follows. Consequently, a contingent liability does not exist in this situation.
- (13) Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75 percent of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1995 amounted to only \$911,000 (\$911,000 at March 31, 1994). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.
- (14) The *Export Development Act* specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$13 billion, the authorized limit.
- (15) There have been no claims under the *Nuclear Liability Act* since its inception in 1970. The Act covers 8 Canadian nuclear installations as at March 31, 1995.
- (16) The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1995, the insured value of vessels under the Plan amounted to \$247,669,850; the balance of the account was \$29,341,361 and outstanding claims against the Plan amounted to \$603,814.
- (17) On June 23, 1994, the Government replaced its letter of comfort to the Canadian Wheat Board (CWB) for foreign credit grain sales with an explicit guarantee. Under this guarantee, the Government agreed to assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Potential costs to the Government related to this guarantee are included in the financial statements in the allowance for loan guarantees and borrowings of Crown corporations. As well, a letter of comfort has been provided to the Bank of Canada by the Minister of Finance on behalf of the Government, pledging to seek Parliament's authority to indemnify the Bank of Canada for any losses that may arise in respect of a swap facility with the Bank of Mexico up to a amount of Cdn \$1.5 billion, pursuant to the North American Framework Agreement. As at March 31, 1995, there was \$333 million outstanding under this facility.
- (18) The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.
- (19) Included in the allowance for probable losses is \$4,290 million (\$3,885 million in 1994) for borrowings of agent enterprise Crown corporations.
- (20) The Government has contingent liabilities for callable share capital and future callable share capital related to shares in certain international organizations. The Government has also issued lines of credit to international organizations to finance future lending. Because these contingent liabilities relate to non-budgetary share capital and loans, there would be no impact on budgetary expenditures if these potential liabilities become actual liabilities, as cash would simply be exchanged for another asset.
- (21) Classified as follows:

	(in millions of dollars)
a. alleged breach of written, verbal or statutory contracts including construction disputes .....	362
b. damage to property including loss of income .....	764
c. physical and mental injury including accidents and false imprisonment .....	577
d. expropriation and land claims .....	6,289
e. miscellaneous .....	1,564
Sub total .....	9,556
Less duplicated claims .....	1
Total .....	9,555

Included in (d.) above is \$5.5 billion, a major portion of which consist of aboriginal statutory and treaty obligations representing plaintiffs' claims in 129 litigation cases. There are another 209 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable. In addition, the Government has 331 cases, not yet in litigation, totalling \$748 million of which are also included in (d.). Of this latter amount, 86 cases amounting to \$436 million represent plaintiffs' claims at the negotiation stage. The amount involved for the remaining 245 claims cannot be determined at this time and no amount for such claims is shown.

- (22) The Government has 60 comprehensive aboriginal land claims either under negotiation, accepted for negotiation or under review. Of the 60 comprehensive claims, 10 claims relating to the Council for Yukon Indians and a portion of the Dene/Metis claim are in the final stages of negotiation. Should negotiations be ratified, the Government would be liable to pay financial compensation over a number of years as follows:

	(in millions of dollars)
Council for Yukon Indians .....	163
Portion of the Dene/Metis claim .....	197
Implementation costs .....	360
Total .....	263
	623

The remaining 49 comprehensive claims have not yet been quantified.

- (23) Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Four departments reported contingent gains as at March 31, 1995 totalling \$134.9 million.
- (24) In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government.



## International Organizations

Table 10.9 summarizes the contingent liabilities and commitments for international organizations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary loans and advances. Non-budgetary share capital and loans are considered to be assets of the Government, whereas budgetary loans and advances are considered to be transfer payments to the organizations or countries involved.

Within the contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations. Future callable share capital consists of callable share capital related to subscriptions that Canada has made a commitment to purchase in future. As well, lines of credit that have been made available to international organizations to finance future lending activities are included as contingent liabilities.

Commitments reported in this table include loans and advances to international organizations and developing countries, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 10.9 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 1995.

Table 10.9 provides additional information on contingent liabilities for international organizations that are summarized in Table 10.8 and contractual commitments for international organizations that are summarized in Table 10.6. Information contained in this table is also summarized in Notes 13 and 15 to the financial statements which are included in Section 1 of this volume.

**TABLE 10.9**

### INTERNATIONAL ORGANIZATIONS CONTINGENT LIABILITIES AND COMMITMENTS

(in millions of dollars)

	Contingent liabilities <sup>(1)</sup>			Commitments <sup>(1)</sup>		
	Callable share capital	Future callable share capital	Lines of credit	Undisbursed loans and advances	Future paid-in share capital	Total
<b>NON-BUDGETARY SHARE CAPITAL</b>						
AND LOANS—						
African Development Bank .....	707					707
Asian Development Bank .....	1,211					1,211
Caribbean Development Bank .....	69					69
Inter-American Development Bank .....	5,410				28 <sup>(2)</sup>	28
International Bank for Reconstruction and Development (World Bank) .....	7,092					7,092
Multilateral Investment Guarantee Agency .....	36					36
European Bank for Reconstruction and Development .....	389				33 <sup>(2)</sup>	33
International Finance Corporation .....					20	20
International Monetary Fund .....			1,949	763		763
Developing countries—Canada Account .....				72		72
Subtotal .....	14,914		1,949	835	81	916
<b>BUDGETARY LOANS AND ADVANCES—</b>						
International Development Association .....				276 <sup>(2)</sup>		276
Global Environment Facility Trust Fund .....				74 <sup>(2)</sup>		74
Inter-American Development Fund .....				21		21
International Monetary Fund .....				344		344
Developing countries—Canada Account .....				769		769
Subtotal .....				1,484		1,484
<b>Total .....</b>	<b>14,914</b>		<b>1,949</b>	<b>2,319</b>	<b>81</b>	<b>2,400</b>

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1995 (1\$US = \$1.3992 Cdn; 1SDR = \$2.18345 Cdn).

(2) These amounts represent, in certain cases, notes payable to be issued in future years.

Note: Canada has agreed to lend the Enhanced Structural Adjustment Facility Special Drawing Rights (SDR) 500 million of which SDR 150.5 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million (the maximum limit set by the Governor in Council pursuant to the *Bretton Woods and Related Agreements Act* is SDR 225 million), of which SDR 32.6 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the International Monetary Fund (IMF), subject to Canada's approval. This amount represents Canada's share of a credit arrangement to supplement the IMF's resources. The IMF did not utilize this arrangement in 1994-95. Canada has the right to opt out of calls on the arrangement on balance of payments and reserve grounds. Any drawdowns would involve an exchange of SDRs or currencies from official reserves in return for a reserve claim on the IMF.



# **SECTION 11**

**1994-95**

**PUBLIC ACCOUNTS**

**Index**

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